



GUJARAT AMBUJA CEMENTS LTD.

Annual Report | 2001-2002

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GIVE *a man* ORDERS,
and he will do the task REASONABLY WELL
But let him set his own targets,
GIVE him freedom and authority
and his task becomes
a personal mission: 'I can.'



BOARD OF DIRECTORS

Suresh Neotia, Chairman

Vinod Neotia

M. L. Bhakta

N. N. Pai (Upto 21/5/2002)

Nimesh Kampani

M. T. Patel

Harshavardhan Neotia

Nasser Munjee

O. V. Bundellu, Nominee - IDBI (Upto 25/7/2001)

Rajendra P. Chitale (w.e.f. 4/7/2002)

A. L. Kapur, Whole - time Director

P. B. Kulkarni, Whole - time Director

A. V. Rao, Whole - time Director

Pulkit Sekhsaria, Whole - time Director

Anil Singhvi, Whole - time Director

B. L. Taparia, Whole - time Director and Company Secretary

N. S. Sekhsaria, Managing Director



Corporate Office:

122, Maker Chambers III,

Nariman Point,

Mumbai 400021.

CHAIRMAN'S LETTER

Dear Shareholders,

The year 2001-02 was a milestone for the cement industry and for your company.

The Indian cement industry crossed 100 million tonnes in production and sales of cement. In the last year, 102.5 million tonnes of cement were produced and sold, clocking an impressive 10% growth.

I believe this marks the beginning of a new phase in the country. A phase where we start working towards the India of our dreams. An India where there is a home for everyone, and where the roads and infrastructure compare with the best in the world.

It has been a year of many achievements for your company too. As a group we have produced and sold 10 million tonnes of cement during the year. The group capacity has gone up as well. From a humble beginning of one cement plant of 0.7 million tonnes, we've grown to 13 million tonnes today. An 18-fold increase in just 15 years.

This growth has, however, been driven by one simple philosophy - anything we do must reward the stakeholder.

Each year, our people have pushed the limits of productivity to get the most out of our plants and machinery. And each year they've prudently reinvested their earnings into the one thing they know best: cement.

Not for them fancy diversification plans. Growth for growth's sake is no growth at all. No wonder then, we enjoy operating margins that are double that of the rest of the industry.

Now the goal before us is to continue to excel and create wealth for our shareholders. Growth is just a means to achieve this.

Cement continues to be a great business to be in. It does not run the risk of stagnation, or obsolescence, or of technology becoming redundant. From an

investment perspective, the business continues to offer the most favourable risk to reward ratio.

More importantly, cement is a business of assets and capital. Its foundation is made of assets and hence sustained cash flow is generated out of the business. Over the last decade and a half we were faced with many challenges in our economy, yet being in the cement business with a clear focus, we've been able to generate consistently good cash flows from our business.

As always, our team has done us proud by completing our Maratha Cement plant, one of the country's largest cement plants, in record time. And that too without being dependent on grid power. My sincere thanks to the entire team.

I am very excited about the future of the cement industry in India. I believe in the current decade, cement will witness a growth that is unparalleled. And your company is fully geared to take advantage of this growth.

With warm regards,

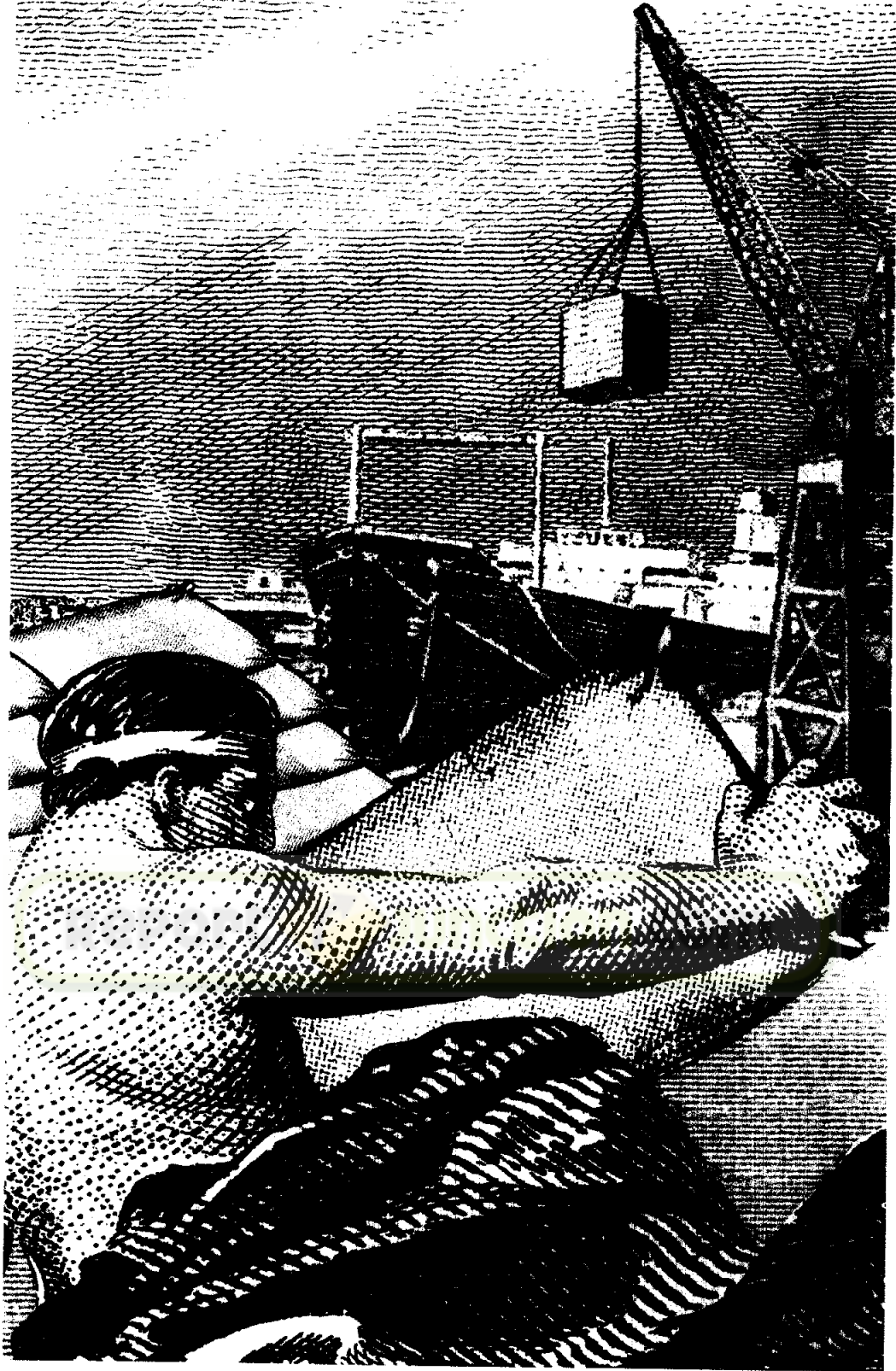

Suresh Neotia

August 20, 2002.

FINANCIAL HIGHLIGHTS

	Rs. in crores	
	2001-2002	2000-2001
Sales	1583	1448
Operating Profit	466	463
Interest	97	134
Depreciation	138	129
Profit after Tax	231	200
Profit after Current Tax	215	186
Deferred Tax	28	-
Profit after Deferred Tax	187	186
Shareholders' Funds	1618	1521
Foreign Currency Convertible Bonds	461	461
Debt	1322	1196
Gross Block (Including CWIP)	2900	2671
Investments	1132	1119
Net Current Assets	440	97





Over 57% *of* INDIA'S
cement exports *by* sea
come *from* one place.
Our MULDWARKA PORT.

The Muldwarka port began life as a small jetty designed to open up the nearby coastal markets.

The port's limited objectives, however, never stopped our people from thinking big. And so, they constantly worked on pushing up efficiency.

Docking times were reduced. Loading and unloading streamlined. And tonnage increased.

With every passing year, the port handled ever-larger quantities of cement. Soon enough, the small jetty was busy exporting to Sri Lanka and Mauritius.

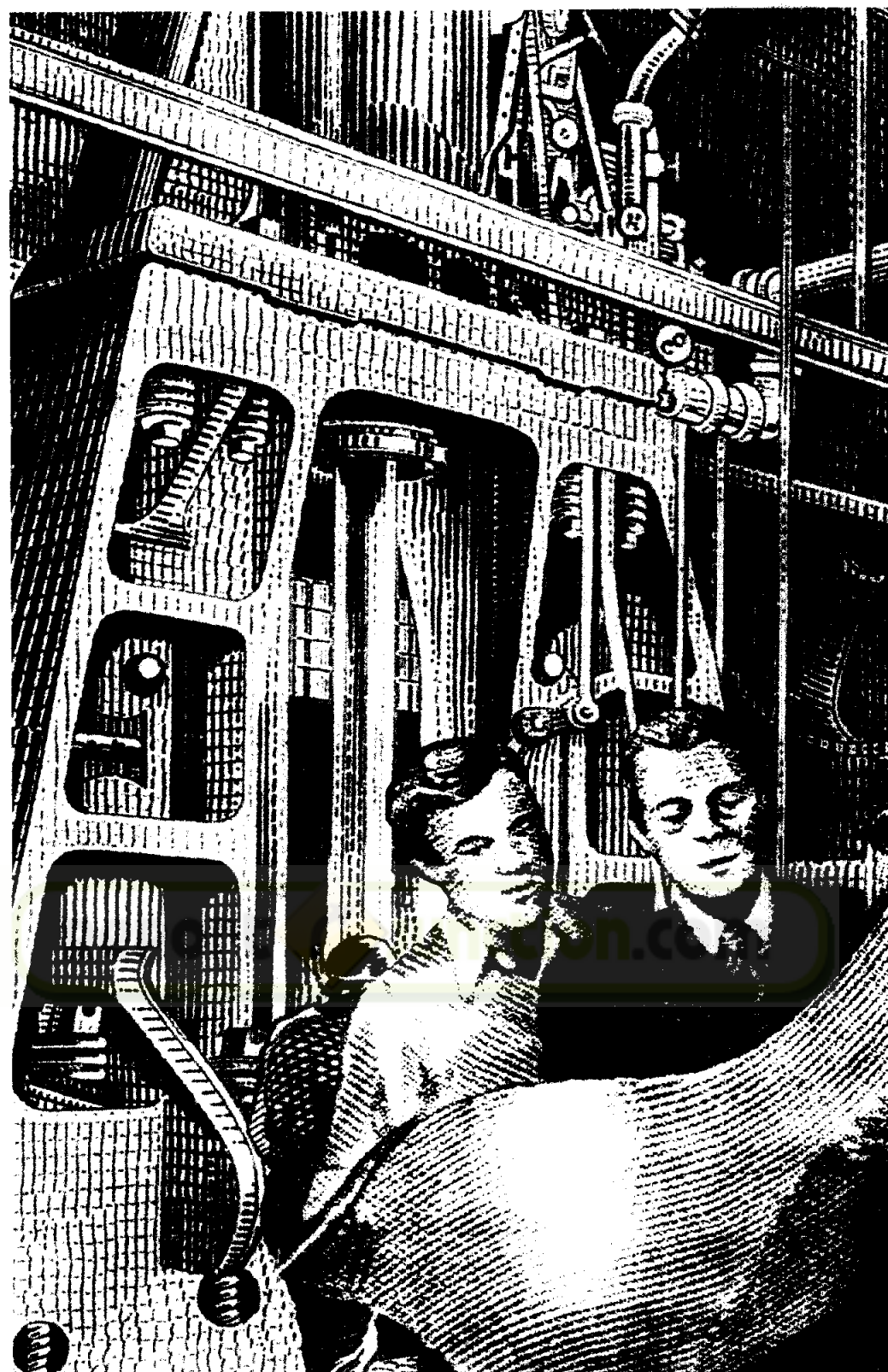
This last year, however, was a watershed. As compared to 8.84 lakh tonnes the previous year, over 12.55 lakh

tonnes of cement passed through the port. A 42% increase. Amounting to nearly 57% of India's total cement exports, by sea.

Even more amazing, the increased tonnage wasn't the result of fanciful expansion plans or huge additions of capital. It was just a sustained effort at making the best use of a 10-year-old asset.

In fact, the total cargo handled (cement, coal and furnace oil) at Muldwarka was 34.68 lakh tonnes as against 28.66 tonnes in the previous year. An increase of 21%.

Proving once again that an asset is only as good as the people who use it.



How do you CUT POWER
consumption *by* half?
You DON'T NEED to change
PLANT *and* MACHINERY.
You need a change of mindset.

When an Instrumentation Engineer from Himachal took over our new project in Bhatinda, he found that the power consumption in the packing department was 2 KWH per tonne.

Nothing wrong with that. This is the expected norm in the cement industry.

But the engineer, not being one to accept norms, took up the challenge. Surely, there was a way to reduce power consumption here.

But how?

Things were already working under highly efficient conditions.

He began a study of each and every piece of equipment, however small its energy consumption.

That's when it struck him.

Was there a way of running the compressor, blowers and bucket elevators for a fewer number of hours without compromising on productivity?

He discovered that typically, machines have a higher capacity than what they're used at.

If we could run these at full capacity, they needn't be functional for 24 hours.

(Much like running an air conditioner at peak for a few hours to cool a room rather than running it continuously at a lower cooling level.)

With much experimenting, the engineer was able to figure out the exact number of hours each machine needed to operate, without causing any loss in productivity or quality.

The result? Power consumption is down from 2 KWH per tonne to 0.90 KWH.

Even more encouraging, this is a replicable process which is now being carried out at all our packing plants.

This would mean a total saving of about Rs.2 crores a year for the entire company.



Our people PULLED OFF
a remarkable feat at our MARATHA PLANT.
They set up *one of* India's largest
cement plants without being
CONNECTED *to the* GRID.

Everyone knows that captive power plants provide a cheaper alternative to the State Electricity Grids.

Yet, why is it that cement plants continue to remain connected to the State Grids at considerable expense?

The answer is simple: It takes tremendous confidence and faith in yourself to say "I will not depend on external power, from day one." After all, if the captive power plant has to shut down for any reason, the entire manufacturing process will grind to a halt.

This was the question our engineers posed to themselves while setting up the new Maratha cement plant.

What if we set up a power plant that would supply the entire needs of the Maratha plant from day one?

Would we then need the reassurance of the State Grid?

When they did the mathematics, the costs just didn't add up: Rs.7 crores for equipment to gain access to the Grid. And a recurring cost of Rs.5 crores a year just to remain connected.

That's too high a figure to pay for power we'll never use.

Instead of taking the easy way out, our engineers redoubled their efforts to ensure we would have a world class captive power plant.

They raced to have it up and running before the cement plant could come up. In a record time they were able to test and stabilize it so that our Maratha plant has never felt the need for external power from its first day of operation.

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS

To the Members,

The year 2001-2002 will go down as a memorable year for the Indian Cement Industry. For the first time, production and sale of cement has crossed the 100 million tonne mark. During 2001-02, the industry produced and sold 102.5 million tonnes, registering a growth of about 9.6% and becoming the second largest producer of cement after China.

It has been a remarkable year for the company as well. As a group we have produced and sold more than 10 million tonnes of cement.

Of even greater significance is the 2 million tonne cement plant we set up at Chandrapur, Maharashtra. Completed in record time, the plant is a landmark in the cement industry.

Not only has it set a benchmark in the use of the Internet in monitoring of plants. It has achieved the unprecedented feat of being commissioned without a connection to the State grid – relying solely on the 40 MW captive power plant that was built in conjunction with the plant. Its successful commissioning is the greatest testimony to the skill, ability and confidence of our people.

With this plant, the group's cement capacity has gone up to about 13 million tonnes.

At the same time, our existing cement plants have done exceedingly well and we have been able to produce and sell 16 % more than the previous year.

Thanks to this increase in efficiency, we have been able to withstand difficult market conditions. In fact, despite the lower sales realisation, we have been able to post a 15% increase in profit before tax of Rs.231.34 crores, as against Rs.200.60 crores in the previous year.

FINANCIAL RESULTS

The highlights of the financial results for the Corporate Financial Year ended 30th June 2002 are:

	Current Year (Rs. in crores)	Previous Year (Rs. in crores)
Sales	<u>1583.01</u>	<u>1447.85</u>
Profit before Interest and Depreciation	465.80	463.98
Less: Interest	<u>96.64</u>	<u>134.08</u>
Gross Profit	369.16	329.90
Less: Depreciation	<u>137.82</u>	<u>129.30</u>
Profit before Tax	231.34	200.60
Provision for Current Tax	<u>16.50</u>	<u>14.25</u>
Profit after Current Tax	214.84	186.35
Provision for Deferred Tax	<u>28.32</u>	<u>-</u>
Profit after Tax for the year	186.52	186.35
Add:		
Adjustments for previous year	(7.59)	6.61
Balance brought forward from previous year	<u>75.69</u>	<u>51.01</u>
Profit available for appropriation	<u>254.62</u>	<u>243.97</u>

Appropriations:

Debenture Redemption Reserve (Net)	45.50	(1.50)
Contingency Reserve	-	10.00
General Reserve	40.00	75.00
Dividend on Preference Shares	-	3.04
Dividend on Equity Shares (including interim)	93.11	73.57
Tax on Dividends	-	8.17
	178.61	168.28
Balance carried forward	76.01	75.69
	254.62	243.97

DIVIDEND

An interim dividend of Rs.4 per share was paid during the year and we are pleased to recommend a final dividend of Rs.2 per share. The aggregate dividend for the year will amount to Rs.6 per share as against Rs.5 paid for the previous year. The final dividend will be subject to deduction of income-tax at source.

growth coupled with good growth in the service sector has made it possible for the economy to grow at about 5.4% during 2001-2002.

At the same time, the Indian Industry continues to become more competitive. Cost cutting measures have resulted in reducing the cost of production of goods and services across the spectrum. The cost cutting drive

by the cement industry has also held it in good stead, with most companies embarking on cost cutting programmes.

ECONOMY AND BUSINESS**ENVIRONMENT:****Demand for cement continues to rise**

Though the global economy has slowed down considerably, India continues to enjoy good economic growth. The robust agricultural

On the demand side, the cement industry continues to do well. Cement demand grew by about 9.7% during 2001-2002. With the impetus on housing and road construction, the demand for cement is expected to rise

substantially in the near future.

Low interest rates in the Indian Economy are likely to contribute to the growth in demand for goods and services. Easy availability and low interest rates for home financing are already bearing fruit. The housing finance sector is witnessing a good growth of over 30%, which bodes well for the cement industry.

The current year has begun very well, registering a growth rate of about 12% for the first four months.

After many years, the demand - supply scenario looks distinctly in favour of demand.



“THANKS TO increased efficiency, production is up by 16% at our existing plants to 70.80 lakh tonnes.”

		Cement	Clinker
		(Qty. in lakh tonnes)	
A REVIEW OF OUR PERFORMANCE	Ambuja Cement	14.84	14.20
EXISTING CEMENT PLANTS:	Gajambuja Cement	28.30	27.23
Production Is up	Himachal/Ropar/		
	Bhatinda Units	27.66	18.79
At our existing cement plants, we have produced 70.80 lakh tonnes of cement as against 60.96 lakh tonnes in the previous year, an increase of 16 %. The clinker production from the existing plants for the year was at 60.22 lakh tonnes as against 53.81 lakh tonnes in the previous year, an increase of about 12 %.	Total	70.80	60.22
	Previous Year	60.96	53.81

NEW PLANT AT CHANDRAPUR:

Off to a record start

The commercial production at our new plant in Maharashtra started from 1st June 2002 and it produced 1.26 lakh tonnes of cement during the month of June 2002.

The plantwise production during the year was as follows:

MARKETING

Total sales including exports have amounted to 71.84 lakh tonnes as against 61.07 lakh tonnes, an increase of 18 % over the previous year. In value terms, our sales have gone up by 9 % to Rs.1583 crores from Rs.1448 crores in the previous year. The sales realisation was lower by 7% due to lower cement prices. The details of each market are given below.

Gujarat: Increasing sales in a surplus market

During the year, the cement market in Gujarat showed signs of improvement following last years devastating earthquake and drought. Demand was up by 12% from 65.8 lakh tonnes to 73.7 lakh tonnes. However, a surplus market meant depressed prices and lower sales realisation. Recognising this, our people doubled their efforts on the sales front, and worked towards increasing sales. Thanks to their foresight, while there was an 8% drop in sales realisation, our sales were up by 9% from 16.69 lakh tonnes to 18.26 lakh tonnes.

North India: The Ambuja brand**continues to prosper**

Our North India units cater to the markets of Punjab, Haryana, Chandigarh, Himachal Pradesh, Jammu & Kashmir and Uttaranchal. Our peoples' efforts in these markets have borne good results and we have been able to further increase our market presence, selling 12% more cement – 27.41 lakh tonnes as against 24.55 lakh tonnes. The sales realisation in the northern markets was fractionally lower during the year.

Maharashtra**(i) Mumbai: Excellent growth in India's largest market**

Mumbai is always a very challenging and exciting market for us. This is the largest cement consuming centre in the country. Demand in the Mumbai market has seen excellent growth of about 14% over the previous year. We have sold 9.49 lakh tonnes of cement as against 8.35 lakh tonnes in the previous year.

Our focus on the retail market segment in Mumbai continues to get us better market share and our brand is one of the most

popular brands in Mumbai's retail market.

This is especially heartening considering the Mumbai market features some of the biggest brands in the industry. And consequently is the toughest in which to gain market share.

(II) Rest of Maharashtra: A new plant puts us on a strong footing

The past year saw the commissioning of our new plant in Chandrapur, Maharashtra. The plant has many firsts to its credit, including the innovative use of the Internet. It is on its way to becoming a benchmark in the cement industry.

The quality of cement produced by the plant is one of the best in the country. Not surprisingly, it has already made its mark in Maharashtra.

In just the first month of commercial production we have been able to sell 0.75 lakh tonnes of cement in Maharashtra.

The credit for this goes to the foresight and pre-planning done by our people. Thanks to this, the distribution network was well in place by the time the first bag of cement rolled out of the plant.

Other Markets: Sales are up

We continue to have a strategic presence in the South Indian markets and we have added one new market – Andhra Pradesh, which is being fed from our new cement plant at Chandrapur. This year we have sold 2.74 lakh tonnes as against 2.07 lakh tonnes in the previous year.

Exports: We have a 37% share of the country's total exports

Despite sluggishness in the international cement market, we have been able to penetrate newer markets and have increased our focus on exports.

We believe that after experiencing a glut in the international markets, demand for cement overseas will pick up in the coming years. That being the case, now is the best time to seed and expand the export market. When the markets pick up we will be in a position to take maximum advantage. Keeping this in mind, we've opened up new markets like Nigeria and Kuwait.

The total exports during the year have taken a quantum jump of 42% and have crossed the million tonne mark. The total

exports during the year were 12.55 lakh tonnes as against 8.84 lakh tonnes in the previous year. In value terms, they amounted to Rs.148.90 crores as against Rs.104.21 crores in the previous year. With these efforts, today, we have a 37% share of the total exports of cement from India.

COST IMPACTS:

Power, freight and interest costs down

Raw Materials

There have been some minor increases in the cost of gypsum and limestone due to a change in the mix and higher transportation costs.

Coal

We import coal for our cement plants located at Ambujanagar, the cost of which has gone up marginally. Domestic coal - used at our Northern Units - on the other hand, has gone up by about 4%.

Power: Overall costs lower, thanks to efficient usage

Our power requirements at Ambujanagar

are met by a liquid fuel captive power plant, which uses furnace oil. The lowered cost of furnace oil, coupled with an overall increase in efficiency has meant a significant reduction in power costs.

The cost of purchase of power from the State Electricity Board at our North India plants have remained more or less constant.

Freight and Forwarding: Lower costs thanks to logistics management

Due to an increase in diesel prices, there has been an increase in freight and forwarding on sale, but with better efficiency and further improvement in logistics we have been able to reduce our freight cost on per tonne basis.

Interest Cost: A dramatic reduction of 28%

Interest cost during the year has come down substantially by 28% to Rs.96.64 crores as against Rs.134.08 crores. This major reduction in interest cost was on account of restructuring of the entire debt portfolio. During the year, we have prepaid Rs.444 crores of loans taken from Financial

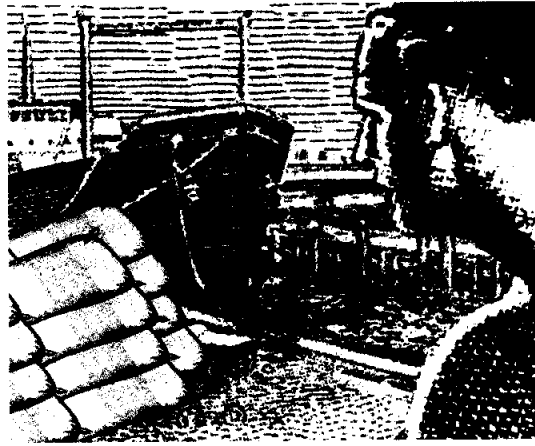
Institutions and have exercised the call option and retired Debentures worth Rs.118 crores both aggregating to Rs.562 crores. These borrowings have been replaced by issuance of Corporate Bonds at very low rates of interest. The prepayment of loans and early redemption of debentures have helped the company to bring down its average cost of debt to about 9.5% against 11.9% in the previous year. With the reduction in interest cost, our interest cover has improved to about 5 times.

BULK CEMENT TERMINALS

AND SHIPS:

The Muldwarka port continues to increase throughput

Our port at Muldwarka once again proved its capability to handle ever increasing cargo for domestic sales and exports. This year the Muldwarka Port has handled 34.68 lakh tonnes of cargo, an increase of 21 % as against 28.66 lakh tonnes in the previous year. Started as a small jetty for loading bulk cement into small ships for coastal movement of cement, Muldwarka has transformed itself into a port and the tonnage



“TOTAL EXPORTS have crossed the million tonne mark, making us the single largest exporter of cement in India.”

handled is comparable to large ports in India.

Apart from bulk cement, the port has handled bagged cement, coal, furnace oil, etc.

With the presence of this port, we have been able to handle 37% of the total exports of cement from India.

Each of our 5 cement carriers have performed well and they have carried 13.11 lakh tonnes of cement as against 10.46 lakh tonnes handled in the previous year.

OUR NEW CEMENT PLANT AT

CHANDRAPUR, MAHARASHTRA:

Already a landmark in the cement industry

As reported earlier, we laid the

foundation stone for our new 2 million tonne cement plant at Gadchandur, Dist. Chandrapur in the state of Maharashtra in June 2000.

In December 2001, within just 18 months from the date of ground breaking, clinker production started on a trial basis.

The Chandrapur plant is a landmark in the cement industry. On many fronts.

Its 5400 KW raw mill is the biggest ever in the cement industry worldwide - in terms of power rating. It also features the tallest preheater in the cement industry in India at a height of about 150 meters.

But perhaps its finest achievement is the precedent it set in the use of technology. In addition to our engineers on location, the maintenance checks of the raw mill at this plant are monitored simultaneously by the German firms viz. M/s Pffiefer and M/s Flenders on a real time basis through the Internet. Thus drastically bringing down maintenance time, and wear and tear.

We believe that this could set the precedent for how cement plants of the future will operate.

Even more remarkable is the fact that

the plant was up and running without a connection to the State grid. A 40 MW captive power plant was built simultaneously with the plant, and went online in conjunction with the plant. Completely eliminating the need for a grid connection. This unprecedented step has ensured a saving of over Rs. 5 crores a year as standing charges for a connection to the grid. That to for electricity that we would never have used.

Commercial production from the plant started in June 2002 and we were able to sell 1.10 lakh tonnes of cement during the first month of commencement of operations. In the month of July 2002 we were able to increase the despatch from this plant to 1.70 lakh tonnes.

The marketing team of our company has done an extra-ordinary job in setting up the entire distribution networking for despatch and sale of such large quantity of cement in such a short period of time. The cement produced from this plant has been received well by the markets, and has helped make our brand one of the most preferred brands in the State of Maharashtra.

As against an estimated project cost of

Rs.675 crores, the company has incurred Rs.708.26 crores till 30th June 2002.

The Chandrapur plant is the strongest testimony yet to the skills and confidence of our people. It is undoubtly their finest achievement. The entire project team and the marketing team deserve congratulations for their efforts.

TOTAL GROUP CAPACITY:

Crossing the 13 million tonne mark

We are pleased to announce that our company, along with group companies have achieved another milestone in producing and despatching 10.3 million tonnes of cement (including trial run cement from our Chandrapur plant) as against 8.8 million tonnes in the previous year. This is a landmark year for us as in a short span of just 15 years our total group capacity has grown 18 fold. We started in 1986 with a 0.7 million tonne cement plant in Gujarat. On commissioning of the cement plant at Chandrapur, Maharashtra and alongwith our group companies, Ambuja Cement Rajasthan Ltd and Ambuja Cement Eastern Ltd., our total capacity has gone up to about 13 million tonnes.

AMBUJA CEMENT

EASTERN LTD. (ACEL)

ACEL has done very well during the year despite being faced with many challenges in the cement markets of Eastern India. It has posted a net profit of Rs.11.83 crores as against Rs.6.89 crores in the previous year. The cement production is up to 14.37 lakh tonnes as against 13.99 lakh tonnes. The sale of cement is up to 14.66 lakh tonnes as against 14.03 lakh tonnes. In value terms the sales were up by 6 % at Rs.366.35 crores as against Rs.344.07 crores.

ACEL has improved its operating margin substantially due to various cost reduction initiatives taken during the year. The operating margins have gone up to 17.6% as against 12.5 % in the previous year.

With a further improvement in the productivity of the plant and reduction in cost on account of power, fuel and other costs, it is reasonably expected that ACEL will do much better in the future.

AMBUJA CEMENT RAJASTHAN LTD (ACRL):

Poised to play a strategic role

It has been 2 years since we assumed

the management of ACRL. Since then various improvement initiatives have been taken and the quality of cement has improved substantially. Today, it matches the cement produced by any of our other plants. Similarly, a lot of emphasis has been laid on reducing the cost of production, more particularly - power and fuel. These efforts have begun to bear fruit. The production of clinker and cement has been 13.44 lakh tonnes and 12.73 lakh tonnes respectively, as compared to 13.56 lakh tonnes and 12.79 lakh tonnes in the previous year. The value of sales was Rs.284.67 crores as against Rs.302.48 crores in the previous year. The total sales (including clinker) is 14.22 lakh tonnes as compared to 14.77 lakh tonnes. Thanks to these efforts, the operating margin of the company has doubled to 17.20% from 8.40% in the previous year.

Consequently, ACRL has been able to reduce its losses from Rs.59.63 crores in the previous year to Rs.31.17 crores in the current year.

While this is a substantial reduction, clearly, it is not enough. We need to find a solution to make the plant profitable on

a sustainable basis.

While ACRL suffers from high cost of interest and high fixed costs, it also offers us the opportunity to have a direct presence in Rajasthan. This being the only market in North India where our company does not have a direct presence.

ACRL, therefore, fills an important strategic gap in our marketing and distribution.

After careful consideration of all the options, we felt the best way forward was to merge ACRL with our company.

Merger of ACRL with the company

We have appointed M/s N.M. Rajji & Company, Chartered Accountants, Mumbai to give us a valuation report suggesting the share swap ratio for the purpose of consideration of the merger of ACRL with the company. Based on this valuation report, we are proposing a share swap ratio for merger of ACRL into our company, subject to your approval - one new share of GACL to be issued for every 50 shares of ACRL. Since ACRL is registered with BIFR, this merger will also be subject to approval of BIFR.

AMBUJA CEMENT INDIA

LTD (ACIL):

ACIL is our subsidiary company, where we hold 60% of the share capital and the foreign strategic investors hold the balance 40%. The company owns 14.4% shares in ACC and 94.08% in ACEL. During the year, the company has made a profit of Rs. 6.44 crores as against Rs.3.91 crores in the previous year.



“Despite challenges posed by the Sri Lankan economy, our people increased sales in value terms by 62%.”

CEYLON AMBUJA CEMENTS PVT. LTD.

(CEYLON AMBUJA):

Sales up by 62%

Ceylon Ambuja started its operation in September 2000. During the first year ended 31st March 2001, it had sold 1.44 lakh tonnes of cement. During the current year, it has sold 2.05 lakh tonnes of cement, an increase of 42%. In value terms the sales were LKR.104.7 crores as against LKR 64.7 crores in the previous year, an increase of 62%. This company has started earning profits since March 2002 and we are reasonably confident that despite the challenges posed by the Sri Lankan economy, our decision to have a presence in the Sri Lankan market will be validated.

We continue to focus on increasing our presence in the Southern Sri Lankan market and our brand 'Ambuja Cement' is fast becoming the most preferred brand in the Southern Sri Lankan market.

CEMENT OUTLOOK:

A new phase of growth begins

The growth in demand for cement continues to rise. With the interest rate scenario conducive to the growth of development of infrastructure projects and housing in India, it is expected that there will be a tremendous growth in the areas of housing, road construction and other infrastructure. Looking at the growth of

housing finance, it is expected that cement demand will rise thanks to an increased demand for houses.

The Government's ambitious road development programme is progressing ahead of schedule and this will not only contribute towards a larger demand for cement, but will augur well for the development of the economy as a whole.

The current year has begun on a very promising note. The demand for cement has grown by about 12% during April - July 2002 over the corresponding period. We expect this growth in demand to continue for the remaining part of the year as well.

All in all, the future for cement looks very bright.

BULK CEMENT TERMINAL

IN SOUTH INDIA

In order to expand its marketing base, the company had proposed setting up a bulk cement sea terminal at Tuticorin in Tamil Nadu. Bulk cement would be shipped to this terminal from our Muldwarka Terminal.

Work was started in February 1999, after obtaining all the requisite approvals from the

Government and other local authorities.

However, one of the local authorities and a neighbour, had moved the Court to stall the project on untenable grounds.

The company is confident that justice will prevail. In the meantime, we have as a measure of caution, stopped further work till the Court resolves the legal cases.

SOME RISKS AND CONCERNS

Cement is a high volume low value product, where transport forms a major cost, both on raw material as well as finished goods. Most of the costs concerning transport either by rail or by road are governed by Government policies and as such these costs are increasing every year without corresponding increases in the efficiency levels.

Cement is intrinsically linked to the overall growth of the economy and more importantly, growth of the infrastructure sector. Any slowdown of the economic growth or infrastructure growth would have a direct impact on the demand of cement.

Cement is also one of the highest taxed commodities in India and because of such

high tax, the consumer has to pay a higher price for cement.

Cement being a basic core product, essential for building our nation, both the Central and State Governments should ideally be lowering taxes on cement. But faced with an adverse fiscal situation, they may hike taxes on cement to raise additional resources.

INTERNAL CONTROL SYSTEMS:

Increasing transparency and efficiency

We have always believed that transparency, systems and controls are important factors in the success and growth of any organisation. Towards this end, a Systems and Audit Department was set up right from the beginning. This Department assumes great significance given the size, scope and rapid rate of growth of the company. Presently, it has a strength of 36 officers headed by a Senior Chartered Accountant. It operates from various plants and other business locations, but is centrally controlled from Ambujanagar.

The Systems and Audit Department is responsible for implementing adequate

systems and controls for all the activities in the company, close monitoring thereof and to strengthen and modify the same from time to time to meet the changing requirement of the company. The deviation from the norms are first informed to the concerned operating person for corrective actions and in case of need these are brought to the notice of the concerned head of the unit or the department, as the case may be. This department constantly looks into the areas where there is a possibility of saving in cost and submits its suggestions to the concerned operating departments.

All major findings and suggestions are compiled and reported to the Audit Committee of Directors on quarterly basis or earlier, if so required.

We believe that we have a sound internal control system in our company.

HUMAN RESOURCES:

The invaluable asset

The biggest strength of the company has always been its people. Only with their participation have we managed to achieve a healthy work culture, transparency in

working, fair business practices and a passion for efficiency.

The company follows a unique, homegrown philosophy of allowing people to set their own targets and gives them the freedom to achieve them: 'I can'. This philosophy has spread across all our employees and has been a constant source of motivation for our people.

Further, to enhance their skills and enrich their experience, the company provides continuous training. These include workshops, courses, overseas seminars and visits to cement plants in India and abroad.

Of late, we've also started in-house conferences for various disciplines. Employees from all our offices are invited to participate. It's a useful forum for sharing experiences, ideas, innovations and developmental work undertaken in respective work places.

From the beginning, we've followed a progressive policy of taking keen interest in the well-being and progress of our people. And we've strived to offer them a just and fair compensation. All of this, we believe, has nurtured a strong sense of belonging among our people.

To help maintain and enrich this atmosphere further, the company has granted Stock Options to its employees and the Whole-time Directors during the year.

EMPLOYEE STOCK OPTION SCHEME:

A logical extension of 'I can'

The company has granted Stock Options to eligible Whole-time Directors and employees for the third year in succession.

During the year 2001-2002, the company has granted 7,11,100 Stock Options on 19th October 2001 to eligible Whole-time Directors and employees at an exercise price of Rs.150 per share. These Stock Options will vest on expiry of one year from the date of grant and can be exercised during a period of five years from the date of vesting.

The exercise price was determined at an average daily closing price of Company's shares on the Mumbai Stock Exchange during a period of 30 days immediately preceding the grant. The market price on the date of grant was also Rs.150/-.

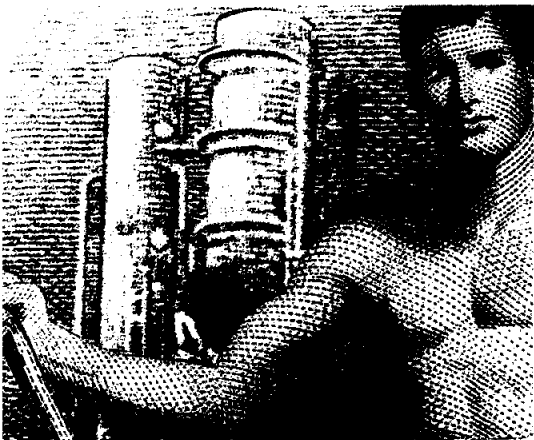
None of the Options granted during the year have vested till date and consequently,

no option has been exercised. No employee or director has been granted Options in excess of 1% of the issued equity share capital of the company. Eligible Whole-time Directors have been granted 205000 Options and other employees have been granted 506100 Options. The details of Options granted to other employees are:

Total number of Employees	1707
Total number of Options granted	506100
Max. number of Options granted	6000
Min. number of Options granted	50
Avg. number of Options granted	300

Till 30th June 2002, the company has granted 19,16,450 Stock Options. Out of which 2,71,350 Options have been surrendered or lapsed due to resignation of employees, 55,500 Options exercised and 15,89,600 Options are outstanding, as on that date. An amount of Rs.76.81 lakhs is received against the options exercised.

ENVIRONMENT MANAGEMENT
AND COMMUNITY DEVELOPMENT:
Chandrapur discovers the benefits



“OUR UNIQUE, homegrown philosophy allows people to set their own targets with the freedom to achieve them. It is a constant source of motivation for our people.”

of water harvesting

At Kutch where a devastating earthquake killed thousands and rendered millions homeless in January 2001, Ambuja undertook the work of training laymen and unskilled workers in the art of masonry. We are pleased to announce that during the last year 617 people have been trained as qualified masons. Our efforts have been recognised by international organizations like CARE who have come forward to fund the cost of such training. Almost 85% of the 617 masons trained in 20 camps have reported that they have benefited with regular work ever since their training and are earning Rs.200 per day, on an average.

We have just commissioned our new plant at Chandrapur and as we started interacting with the villagers in the vicinity, we realised that the issues plaguing the villages in the Upparwahi region were the same that are prevalent in other villages in India viz., soil, water and vegetation. Thus Ambuja Cement Foundation (ACF) which has been working with communities in different parts of the country where our plants are located, started work in the region.

Initial studies revealed that villages in the Chandrapur region traditionally have high fluoride content in water which results in crooked bones and could lead to permanent physical disability. At Saleguda village, in Chandrapur district, for example, where we began our work, we set up 'Rain Roof Water Harvesting' facilities. Under this, rain water is harvested from roof tops and stored in newly created structures and used for drinking purpose. Some of the borewells in the village which had turned dry were recharged using rain water. The result was the people of the village had drinking water, which either did not have any fluoride content or was significantly diluted.

These low cost efforts have already won applause from locals and district administrations and ACF has been asked by the district administration to implement this technique in other villages in the vicinity.

The concept of surface water harvesting is being promoted with active help from the communities. Through training and demonstrations, communities have been motivated to implement land treatment measures in their fields. The local youth has been trained to control soil loss in the agricultural fields. In addition, sites have been selected with the help of local people and construction of several large and small water harvesting structures have been planned.

Towards capacity building and livelihoods, a vocational training centre was started and two batches of different trades (two-wheeler repairs and electrician) were completed. Fifteen youths have been trained in each faculty and they are on their way to establishing their own enterprises.

After the Gujarat plant achieved it last year, it was the turn of the Darlaghat unit to earn ISO 14000 certification for

Environmental Management Systems. Efforts to set up similar systems have begun at units in Punjab.

Guiding all our units is our corporate mission statement: "To strive for an environment of beyond compliance in plants and mines and to raise environmental awareness in the neighbouring community. Ambuja Cement will also adopt environmentally sound technologies and management practices for optimum utilization and conservation of natural resources".

DIRECTORS

Mr. P.B. Kulkarni, Mr. A.L. Kapur, Mr. A.V. Rao, Mr. B.L. Taparia and Mr. Anil Singhvi, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment. The Board of Directors recommend their reappointment.

Mr. N.N. Pai had resigned from the Board in May 2002 due to his advanced age. Mr. Pai had joined the Board in the year 1985 and served for more than 17 years. During his long tenure as a Director of the company, Mr. Pai has proved to be a pillar of strength for

the management. His participation and guidance at the Board level have been of great benefit to the company. The Board has recorded its appreciation for the valuable services rendered by Mr. Pai during his tenure.

At the next Board Meeting held after the acceptance of the resignation of Mr. Pai on 4th July 2002, Mr. Rajendra P. Chitale was appointed as Director in his place to fill the casual vacancy. Mr. Chitale is a practicing Chartered Accountant and the managing partner of M/s. M.P. Chitale & Co.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.

ii) Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that

are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 30th June 2002 and of the profit of the company for the year ended 30th June 2002.

iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

iv) The annual accounts have been prepared on a going concern basis.

AUDITORS

Note No.18(a), 24(b) and 25 to the accounts as referred in the Auditors' Report are self-explanatory and therefore, do not call for any further comments or explanations.

M/s. Dalal & Shah and M/s. N.M. Raiji & Co., auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for reappointment. Both these auditors have confirmed that their appointment if made, shall be within the

limits of Section 224 (1B) of the Companies Act, 1956. The Board of Directors recommend reappointment of the auditors and fix their remuneration.

M/s. P. M. Nanabhoy & Co., Cost Accountants, have been appointed Cost Auditor of the Company for the year 2002-2003.

CORPORATE GOVERNANCE

The company has complied with the Corporate Governance Code as stipulated under the listing agreement with the Stock Exchanges. A separate section on Corporate Governance, along with a certificate from the auditors confirming the compliance is annexed and forms part of the Directors' Report.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

is annexed hereto (Annexure- I) and forms part of this report.

PARTICULARS OF EMPLOYEES

Information required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 is enclosed herewith, marked Annexure - II and forms part of this report.



“OUR MISSION: To strive for an environment beyond compliance. To adopt environmentally sound technologies and management practices for optimum utilisation and conservation of natural resources.”

SUBSIDIARY COMPANIES

The name of Veer Narayan Trading & Investment Company Limited has been changed to GACL Finance Limited.

The annual reports for the year 2001-2002 of Ambuja Cement India Limited and Ambuja Cement Eastern Limited are attached and form a part of this report.

The annual reports for the year 2001-2002 of all the other subsidiaries, i.e., Indo Nippon Special Cements Limited, GGL Hotel and Resorts Company Limited, Swabhumi Hotels Ltd, GACL Finance Ltd. (earlier known as Veer Narayan Trading & Investment Company Limited), Ambuja Cement Orissa Limited formerly known as DLF Orissa Limited, Cement Ambuja International

Limited - Mauritius, Midigama Cements (Private) Limited - Sri Lanka and Ceylon Ambuja Cements (Private) Limited - Sri Lanka are annexed in a separate booklet, forming part of this report.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include demand and supply conditions, availability of inputs and their

prices both domestic and global, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

company's achievements.

And to you our shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

For and on behalf of the Board,

ACKNOWLEDGEMENTS

We would like to take this opportunity to express our deep sense of gratitude to the Financial Institutions, International Finance Corporation, Bankers, Central and State Government Departments and Local Authorities for their continued guidance and support.

(Suresh Neotia)

Chairman

Mumbai, 20 August, 2002

We are especially grateful to the Governments of Gujarat, Maharashtra, Himachal Pradesh, Punjab, Chattisgarh, West Bengal, Rajasthan, Tamil Nadu, Andhra Pradesh and Kerala. We would also like

to express our gratitude to the Government of Sri Lanka for its support on our Bulk Cement Terminal.

At this point, we would like to place on record our sincere appreciation for the total commitment, dedication and hard work put in by every member of the Ambuja family.

To them goes the credit for the

ANNEXURE - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

- (i) Preheater fan at Gajambuja line-1 replaced with high efficiency fan to reduce power consumption.
- (ii) Installation of software package for optimisation of both the cement mills of Ambuja Cement Unit at Ambujanagar.
- (iii) Optimisation of Compressed air system at Ambujanagar.
- (iv) Modification of coal conveying line for kiln firing at Darlaghat.
- (v) Replacement of F.K.Pump for fly ash conveying system with the Dense Phase conveying system at Darlaghat.
- (vi) Installation of variable frequency drive for cooling fans, plant compressors and Reverse Air Fan at Darlaghat.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

- (i) Utilisation of exit hot gases from cooler, in raw mill for drying of raw material in Ambuja and Gajambuja line-1 units.
- (ii) Modification of coal conveying line for kiln firing at Ambujanagar.
- (iii) Replacement of preheater fan and coal mill fan with high efficiency fans at Ambuja Unit.
- (iv) Modification of present clinker cooler with Controlled Flow Grate clinker cooler at Darlaghat.
- (v) Replacement of existing air dryers with high efficiency refrigerated type air dryers.
- (vi) Installation of DC drive and Panel in place of AC drive with grid resistance control for Cooler ESP Fan at Darlaghat.

Total investment on account of above is estimated at Rs. 410 lacs.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Measures referred to in (a) above is expected to result in saving of Rs. 175 lacs per annum and those in (b) above should result in saving of Rs. 340 lacs per annum.

(d) Total energy consumption and energy consumption per unit of production :

Information is given in the prescribed Form-A annexed.

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form-B annexed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO**(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :**

The cement prices in our overseas markets were almost same as that of previous year. The company continued to give thrust to exports keeping in mind the long term perspective. The company has developed new export markets to increase the volumes. During the year, the company has increased the exports substantially by exporting 12.55 lac tonnes of cement as against Rs. 8.84 lacs tonnes in the previous year. In value terms, the exports during this year amounted to Rs. 130.55 crores (FOB) as against Rs. 87.68 crores (FOB) in the previous year. The company proposes to continue its thrust on exports.

(b) Total Foreign Exchange used and earned :-

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Used*	27568.18	24316.52
Earned**	15271.37	10693.91

* Excluding repayment of borrowings Rs. 5234.99 lacs; previous year Rs. 5056.60 lacs; and investments in subsidiary companies Rs. Nil, previous year Rs. 549.08 lacs.

** Excluding Rs. 22600.00 lacs received towards shares, warrants and loans; previous year Rs. 46137.26 lacs being proceeds of Foreign Currency Convertible Bonds.



FORM A
(See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER AND FUEL CONSUMPTION

	Current Year 2001-2002	Previous Year 2000-2001
1. Electricity :		
(a) Purchased		
Unit (lac kwh)	2061.26	1910.53
Total Amount (Rs. in lacs)	5998.01	5741.27
Rate / Unit (Rs.)	2.91	3.01
(b) Own Generation :		
(i) Through Liquid Fuel Generator		
Net Units (lac kwh)	3896.54	3417.39
Unit (kwh) / Ltr. of LDO / Furnace oil	4.36	4.30
LDO / Furnace oil - Cost / Unit generated (Rs. / kwh)	1.66	1.84
(ii) Through Steam Turbine / Generator		
Units	115.69	Nil
Units / Tonne of Fuel (Coal)	804.68	Nil
Oil/Gas/Coal - Cost/Unit (Rs./ kwh)	1.29	Nil
2. Coal & other fuels :		
Quantity (Million K. Cal.)	4524772	3929502
Total cost (Rs. in lacs)	17514	15520
Average rate (Rs./Million K. Cal)	387.07	394.97
3. Light Diesel Oil/High Speed Diesel :		
Quantity (K. Ltrs)	1918.77	2015.10
Total cost (Rs. in lacs)	248.73	252.25
Average rate (Rs. / K. Ltr.)	12963.08	12298.18
4. Others / Internal Generation :		
Quantity	Nil	Nil
Total cost, Rate/Unit	Nil	Nil
Rate/Unit	Nil	Nil

B. CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norm	Current Year	Previous Year
Electricity (Kwh/T. of Cement) *	100	86	86
LDO/HSD (Ltr/T. of Clinker)	N.A.	0.31	0.38
Coal & other fuels (K.Cal./Kg. of Clinker)	800	742	730

* 1) Does not include Electricity consumed in residential colony which is 0.67 kwh / tonne of Cement. (previous year 0.74 kwh / tonne of Cement).

2) Commercial production of the new cement plant at Chandrapur commenced from 1st June, 2002.

FORM - B

(See Rule 2)

Form for disclosure of particulars with respect to Absorption

A. RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by the Company :

- Increase in fly ash consumption in manufacture of Portland Pozzolona Cement.
- Installation of Atomic Absorption Spectrometer to analyse the wear and trace metal in oil to monitor the equipment condition.
- Analysis of microstructure and grindability of clinker from all sites to minimise fuel and power consumption.
- Continuous efforts on raw mix optimization through burnability studies.

2. Benefits derived as a result of above R & D :

- Increase in usage of waste and polluting materials like fly ash, chemical gypsum.
- Conservation of resources like oil, power and raw materials.
- Optimization of product quality.

3. Future Plan of actions :

- Installation of X-Ray Deffractometer for mineralogical evaluation of raw materials, clinker, fly ash, blast furnace slag etc.
- Installation of on line particle size analyzer for optimization of mill operation as well as product quality.
- Evaluation and optimization of Raw Mix design for the new plant commissioned at Chandrapur.

4. Expenditure on R & D :

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
a) Capital expenditure	17.35	6.88
b) Recurring expenditure	11.44	16.84
c) Total expenditure	28.79	23.72
d) Total R & D expenditure as a percentage of total turnover	0.02%	0.02%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation :

The technology has been fully absorbed. Company's personnel from operations, maintenance and developmental activities were deputed for training through seminars and visits.

2. Benefits derived as a result of the above efforts :

Improved quality, productivity, operational efficiencies and cost reduction primarily due to conservation of energy. Awareness of the significance of higher efficiencies and cost reduction measures in today's competing scenario.

3. Information regarding Technology imported during last 5 years :

Company has not imported any technology during last 5 years

NOTE :

The Regional Training Centre at Ambujanagar, sponsored by World Bank and DANIDA (Danish International Development Agency) for imparting advanced knowledge in all facets of cement technology to the personnel working in cement plants in Western Region is fully operational.

ANNEXURE - II

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30th JUNE, 2002

Name & Age (Years)	Designation/ Nature of Duties	Remuneration (Rupees)	Qualifications	Experi- ence (years)	Date of Commence- ment of Employment	Last Employment Last Designation
A) EMPLOYED THROUGHOUT THE FINANCIAL YEAR						
Kapur A. L. (68)	Whole-time Director	6,358,970	B.A., F.C.A., F.I.C.W.A.	44	20.02.1999	Birla Corporation Ltd., Executive Director & CEO
Kulkarni P. B. (60)	Whole-time Director	5,957,693	B.E. (Mech.)	36	08.02.1983	Lakshmi Cement, J.K. Cement Ltd., Chief Engineer
Rao A. V. (71)	Whole-time Director	5,963,473	B.E. (Civil)	49	10.11.1990	Straw Products Ltd., Chief Engineer (Construction)
Sekhsaria Narotam (53)	Managing Director	26,930,805	B.E. (Chem.)	32	01.04.1983	Business
Sekhsaria Pulkit (31)	Whole-time Director	2,450,466	B.Com.	09	01.07.1993	–
Singhvi A. C. (43)	Whole-time Director	6,785,760	B.Com., F.C.A.	20	21.01.1986	Century Enka Ltd., Manager Accounts
Taparia B. L. (52)	Whole-time Director & Company Secretary	5,449,510	B.Com., LL.B., F.C.S.	32	28.11.1983	Jain Spinners Ltd., Secretary & Finance Manager

B) EMPLOYED FOR THE PART OF THE FINANCIAL YEAR (DRAWING NOT LESS THAN Rs. 200,000/- PER MONTH)

None

- 1) Remuneration includes Salary, Commission, Contribution to Provident and other Funds and Perquisites (including monetary value of taxable Perquisites), etc.
- 2) All the abovesaid appointments are contractual.
- 3) None of the employee is related to any Director of the Company except Mr. Narotam Sekhsaria and Mr. Pulkit Sekhsaria who are related to each other.



CORPORATE GOVERNANCE

1. INTRODUCTION

Company's Philosophy on Corporate Governance

The Company believes in transparency, empowerment, accountability, motivation and fair business and corporate practices with all its stakeholders. These practices being followed since inception have helped the Company in its sustained growth.

The Securities & Exchange Board of India has introduced a code of Corporate Governance for implementation by all the listed companies vide an amendment to the Listing Agreement. As per this requirement, the compliance of this code is required to be disclosed in the Directors' Report. The same is presented below.

2. BOARD OF DIRECTORS

2.1 Composition :

The Board of Directors consists of 15 Members with 5 Independent Directors, a Managing Director, 6 Executive Directors and 3 Non-Executive Directors. Mr. Suresh Neotia is Non-Executive Chairman of the Company and Mr. N. S. Sekhsaria is the Managing Director. The Independent Directors on the Board are senior, competent and respectable people from different fields. Active participation of the Independent Directors does add value in the decision making process of the Board of Directors.

Mr. N. N. Pai, an independent Director, had resigned in the month of May 2002. Mr. Pai joined the Board in the year 1985 and served for more than 17 years. He resigned on account of his advanced age. His vacancy was filled up at the first Board Meeting held on 4th July, 2002 after the acceptance of his resignation by appointment of Mr. Rajendra P Chitale, a Chartered Accountant as an independent Director. Mr. Chitale is the managing partner of M/s M. P. Chitale & Co., one of the reputed firms of Chartered Accountants in Mumbai. He is on the Board of Life Insurance Corporation of India. As per the provisions of Companies Act, 1956, Mr. Chitale would be due for retirement and re-appointment by the shareholders at the Annual General Meeting to be held in the year 2003 at which Mr. N. N. Pai would have retired by rotation had he continued as a Director.

The composition of the Board of Directors is in conformity with the Corporate Governance Code.

The composition of the Board of Directors during the year ended 30th June, 2002 and as on the date of this Report as well as their brief resume are given below:-

Name of the Directors	Brief Resume	Category
Mr. Suresh Neotia	He is an industrialist and joined the Board in 1985. He is a Commerce and Law graduate. He is on the Board of several large Corporates.	Non-Executive Chairman
Mr. Vinod Neotia	He is an industrialist and joined the Board in 1982. He is a Commerce graduate.	Non-Executive Director
Mr. M. L. Bhakta	He is a Law professional and joined the Board in 1985. He is Graduate in Arts and Law. He is Senior Partner of M/s. Kanga & Co., Advocates & Solicitors. He is on the Board of several large Corporates.	Non-Executive Independent Director

Name of the Directors	Brief Resume	Category
Mr. N. N. Pai (upto 21st May, 2002)	He is a Chartered Accountant. He occupied various senior positions in Industry and Banks and was Chairman of Industrial Development Bank of India. He joined the Board in 1985 and resigned in May 2002.	Non-Executive Independent Director
Mr. O. V. Bundellu Nominee - IDBI (up to 25th July, 2001)	He joined the Board in 1997 as nominee of IDBI. He is M.Sc., MFM from University of Bombay. Mr. Bundellu ceased to be a director from 26th July, 2001 upon withdrawal of his nomination by IDBI.	Non-Executive Independent Director
Mr. Nimesh N. Kampani	He is a Chartered Accountant and joined the Board in 1985. He is Chairman of J.M. Morgan Stanley Ltd., one of the leading Merchant & Investment Banker in the country. He is on the Board of several large Corporates.	Non-Executive Independent Director
Mr. M. T. Patel	He is an Industrialist and joined the Board in 1985. He is a Commerce graduate. He is engaged in manufacture of agro-based products and ceramic products.	Non-Executive Independent Director
Mr. Harshavardhan Neotia	He joined the Board in 1995. After graduating in Commerce from Calcutta University, he did Owner President Management Programme from Harvard Business School, USA. He is the Managing Director of Company's subsidiary, Ambuja Cement Eastern Limited.	Non-Executive Director
Mr. Nasser Munjee (w.e.f.16th August, 2001)	He is M.Sc. (Economics) from The London School of Economics and joined the Board in August, 2001. He served HDFC for about 20 years and occupied the post of Executive Director when left. At present he is the Managing Director and CEO of Infrastructure Development Finance Company (IDFC). He is also on the Board of several large Corporates.	Non-Executive Independent Director
Mr. Rajendra P. Chitale (w.e.f. 4th July, 2002)	He is a Chartered Accountant and a partner of M.P. Chitale & Co., a reputed firm of Chartered Accountants in Mumbai. He joined the Board on 4th July, 2002 to fill the casual vacancy caused by the resignation of Mr. N.N. Pai. He is on the Board of Life Insurance Corporation of India among others.	Non-Executive Independent Director

Name of the Directors	Brief Resume	Category
Mr. A. L. Kapur	He is a Graduate in Arts, a Chartered Accountant and Cost Accountant. He joined the Board in May 1999. He has over 44 years of experience in Industry occupying various senior positions including that of CEO. He is closely associated with cement Industry for more than two decades. He is on the Board of The Associated Cement Companies Ltd. among others.	Whole-time Director
Mr. P. B. Kulkarni	He is a Mechanical Engineer having 36 years of experience. He joined the Company in 1983 as Project Manager. After working in different positions in the Company he was appointed as Whole-time Director in February 1999.	Whole-time Director
Mr. A. V. Rao	He is a Civil Engineer having 49 years of experience. He joined the Company in 1990 as Chief of Civil Projects. He was appointed as Whole-time Director in February 1999.	Whole-time Director
Mr. Pulkit Sekhsaria	He is a Commerce graduate from University of Mumbai . He has completed Accelerated Development Programme from London Business School and Management Programme from Harvard Business School, U.S.A. He has 9 years of experience. He was appointed as Whole-time Director in January 1996.	Whole-time Director
Mr. Anil Singhvi	He is a Commerce Graduate and a Chartered Accountant having 20 years of experience. He joined the Company in 1986 as Deputy Manager (Finance). After working in different positions in the Company, he was appointed as Whole-time Director in May 1999.	Whole-time Director
Mr. B. L. Taparia	He is a Commerce and Law graduate and Company Secretary having 32 years of experience. He joined the Company in 1983 as Deputy Company Secretary. After working in different positions in The Company, he was appointed as Whole-time Director in May 1999.	Whole-time Director & Company Secretary
Mr. N. S. Sekhsaria	He is a Chemical Engineer from University of Mumbai, securing 2nd Rank in the University. He was appointed as Managing Director in 1982.	Managing Director

2.2 Meetings and attendance record of each Director :

During the year ended on June 30, 2002, the Board of Directors had 8 meetings. These were held on 31st July, 2001, 16th August, 2001, 29th October, 2001, 24th January, 2002, 5th March, 2002, 8th March, 2002, 22nd April, 2002 and 22nd May, 2002.

Other than the Annual General Meeting, there was no General Meeting of the shareholders of the Company held during the year ended on 30th June, 2002.

The attendance record of the Directors at the Board Meetings during the year ended on 30th June, 2002, and at the last Annual General Meeting (AGM) is as under :-

Name of the Directors	Attendance at Board Meetings	Attendance at last AGM
Mr. Suresh Neotia, Chairman	6	Yes
Mr. Vinod Neotia	6	Yes
Mr. M. L. Bhakta	6	Yes
Mr. N. N. Pai (upto 21st May, 2002)	7 out of 7	No
Mr. Nimesh Kampani	6	No *
Mr. M. T. Patel	4	Yes
Mr. Harshavardhan Neotia	5	No
Mr. Nasser Munjee (w.e.f. 16th August, 2001)	6 out of 7	No
Mr. A. L. Kapur, Whole-time Director	7	Yes
Mr. P. B. Kulkarni, Whole-time Director	7	Yes
Mr. A. V. Rao, Whole-time Director	7	No
Mr. Pulkit Sekhsaria, Whole-time Director	8	No
Mr. Anil Singhvi, Whole-time Director	8	Yes
Mr. B. L. Taparia, Whole-time Director & Company Secretary	8	Yes
Mr. N. S. Sekhsaria, Managing Director	8	No

Mr. O.V. Bundellu, Nominee - IDBI was withdrawn from the Board w.e.f. 25th July, 2001. Since the first Board Meeting during the year was held after his withdrawal, his name is not appearing in the above statement. Similarly, Mr. Rajendra P. Chitale was appointed on 4th July, 2002 hence his name is not appearing in the above statement.

- (*) Chairman of the Audit Committee Mr. Nimesh Kampani had to cancel his travel plans at the last moment for undertaking travel from Mumbai to Ambujanagar for attending the Annual General Meeting due to unavoidable reasons. However, the other Audit Committee Member was present to answer the queries/ provide clarifications on matters relating to audit. There were no queries raised/ clarification sought by the shareholders on the accounts/ Audit.

2.3 Other Directorships etc.:

The details of the Directorships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 25 Companies) Chairmanships and the Committee memberships held by the Directors as on 30th June, 2002 are given below:-

Name of the Directors	No. of other Directorships	Chairman of the Board	Committee Member		Chairman of the Committee
			Mandatory	Non-Mandatory	
Mr. Suresh Neotia, Chairman	8	3	–	2	–
Mr. Vinod Neotia	2	–	–	–	–
Mr. M. L. Bhakta	5	–	7	–	5
Mr. Nimesh Kampani	8	2	2	–	1
Mr. M. T. Patel	2	–	1	–	–
Mr. Harshavardhan Neotia	8	–	2	3	–
Mr. Nasser Munjee	10	–	4	4	1
Mr. A. L. Kapur, Whole-time Director	3	–	2	3	–
Mr. P. B. Kulkarni, Whole-time Director	3	–	–	1	–
Mr. A. V. Rao, Whole-time Director	2	–	–	–	–
Mr. Pulkit Sekhsaria, Whole-time Director	–	–	–	–	–
Mr. Anil Singhvi, Whole-time Director	5	–	5	2	–
Mr. B. L. Taparia, Whole-time Director & Company Secretary	7	–	2	–	–
Mr. N. S. Sekhsaria, Managing Director	2	–	1	1	–

Since Mr. O.V. Bundellu and Mr. N.N. Pai had resigned from the Board prior to 30th June, 2002, their names are not appearing in the above statement. Similarly, as Mr. Rajendra P. Chitale was appointed on 4th July, 2002, his name is also not appearing in the above statement.

2.4 Remuneration of Directors :

The Managing Director and the Whole-time Directors are paid remuneration, including commission, as per their respective agreements entered into with the Company. The other non-executive Directors are paid sitting fees for attending the Board and Committee meetings. In addition, the Company has provided for payment of commission of Rs. 25 lacs, divisible among the non-executive Directors, pro-rata, for the period for which they were on the Board during the year.

The details of remuneration and sitting fees paid or provided to each of the Directors during the year ended on 30th June, 2002 are given below:-

Name of the Directors	Salary (Note No.1) Rs.	Sitting fees Rs.	Commission Rs.	Stock Options (Note No.2)	Service Contract	Notice Period
Mr. Suresh Neotia, Chairman	Nil	30,000	3,19,168	Nil	N.A.	N.A.
Mr. Vinod Neotia	Nil	50,000	3,19,168	Nil	N.A.	N.A.
Mr. M. L. Bhakta	Nil	70,000	3,19,168	Nil	N.A.	N.A.
Mr. N. N. Pai (upto 21.5.2002)	Nil	1,65,000	2,84,189	Nil	N.A.	N.A.
Mr. Nimesh Kampani	Nil	70,000	3,19,168	Nil	N.A.	N.A.
Mr. M. T. Patel	Nil	20,000	3,19,168	Nil	N.A.	N.A.
Mr. Harshavardhan Neotia	Nil	25,000	3,19,168	Nil	N.A.	N.A.
Mr. O. V. Bundellu Nominee - IDBI (upto 25.7.2001)	Nil	Nil	21,860	Nil	N.A.	N.A.
Mr. Nasser Munjee	Nil	30,000	2,78,943	Nil	N.A.	N.A.
Mr. A. L. Kapur, Whole-time Director	33,58,970	Nil	30,00,000	35,000	5 years	6 months
Mr. P. B. Kulkarni, Whole-time Director	34,57,693	Nil	25,00,000	50,000 *	5 years	6 months
Mr. A. V. Rao, Whole-time Director	39,63,473	Nil	20,00,000	35,000	5 years	6 months
Mr. Pulkit Sekhsaria, Whole-time Director	16,50,466	Nil	8,00,000	Nil	5 years	6 months
Mr. Anil Singhvi, Whole-time Director	37,85,760	Nil	30,00,000	50,000 *	5 years	6 months
Mr. B. L. Taparia, Whole-time Director & Company Secretary	36,49,510	Nil	18,00,000	35,000	5 years	6 months
Mr. N. S. Sekhsaria, Managing Director	82,78,676	Nil	1,86,52,129	Nil	5 years	Nil
TOTAL	2,81,44,548	4,60,000	3,42,52,129	2,05,000		

Notes :

- Salary includes Basic salary, Allowances, Contribution to Provident and Superannuation funds and Perquisites (including monetary value of taxable perquisites), etc.
- Stock Options:

(*) More than 5% of the Stock Options granted during the year.

Managing Director Mr. N. S. Sekhsaria and Whole-time Director Mr. Pulkit Sekhsaria have not been granted stock options as they are not entitled under SEBI guidelines.

All the other Whole-time Directors were granted Stock Options on 19th October, 2001, as stated against their names. They are entitled to subscribe to one equity share for each option at an exercise price of Rs.150/- per share. This exercise price was determined at an average daily closing price of Company's shares on Mumbai Stock Exchange during the period of 30 days immediately preceding the date of grant.

The above stock options will vest with the option holders on the expiry of one year from the date of grant and these can be exercised within a period of 5 years from the date of vesting.

3. Since Mr. Rajendra P. Chitale was appointed on 4th July, 2002, his name is not appearing in the above statement.

2.5 Re-appointment of Directors :

The Directors, Mr. P. B. Kulkarni, Mr. A. L. Kapur, Mr. A. V. Rao, Mr. B. L. Taparia and Mr. Anil Singhvi shall retire by rotation at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment.

The brief particulars of the Directors retiring by rotation at the ensuing Annual General Meeting have been provided in paragraph 2.1 above. The details of their other directorships are as under:-

Name of the Directors	Details of other directorships (other than Private Limited and Section 25 Companies)
Mr. P. B. Kulkarni	Ambuja Cement Eastern Limited Ambuja Cement India Ltd. Indo Nippon Special Cements Ltd.
Mr. A. L. Kapur	Ambuja Cement Eastern Limited Ambuja Cement India Ltd. The Associated Cement Companies Limited
Mr. A. V. Rao	Indo Nippon Special Cements Ltd. Kakinada Cements Ltd.
Mr. B. L. Taparia	Ambuja Cement Rajasthan Ltd. GGL Hotel & Resorts Ltd. GACL Finance Ltd. Indo-Nippon Special Cements Ltd. Ican Investments Ltd. Ican Securities and Research Ltd. Kakinada Cements Ltd. Cement Ambuja International Ltd. (Mauritius)
Mr. Anil Singhvi	Ambuja Cement Eastern Ltd. Ambuja Cement India Ltd. Ambuja Cement Rajasthan Ltd. Cement Ambuja International Ltd. (Mauritius) Ican Securities & Research Ltd. GACL Finance Ltd.

3. AUDIT COMMITTEE

(i) At the beginning of the year, the Audit Committee comprised of the following members:-

1. Mr. Nimesh Kampani, Chairman
2. Mr. N. N. Pai
3. Mr. O. V. Bundellu - IDBI Nominee
4. Mr. Vinod Neotia

During the year, Mr. O. V. Bundellu resigned in July, 2001 and Mr. N. N. Pai in May, 2002 from the Board of Directors, and hence they ceased to be the members of the Committee. In their place, Mr. M.L. Bhakta was nominated on the Committee in October, 2001 and Mr. Rajendra P. Chitale in July, 2002. The Audit Committee, at present, comprises of the following members:-

1. Mr. Nimesh Kampani, Chairman,
2. Mr. M.L. Bhakta
3. Mr. Vinod Neotia
4. Mr. Rajendra P. Chitale

All the members of the Audit Committee are non-executive Directors and three of them are Independent Directors. They possess sound knowledge of accounts, audit, finance etc. Mr. Nimesh Kampani is the Chairman of the Audit Committee.

Mr. N. S. Sekhsaria, Managing Director and Mr. Anil Singhvi, Whole-time Director, are permanent invitees of the Committee. Mr. B. L. Taparia, Whole-time Director & Company Secretary acts as Secretary to the Committee.

(ii) The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchanges, read with Section 292A of the Companies Act, 1956. These broadly include approval of annual internal audit plan, review of financial reporting systems, internal control systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, internal & cost auditors and recommendation for appointment of statutory and cost auditors and their remuneration. The Audit Committee reviews the quarterly report submitted by the Company's Systems & Audit Department.

The Head of Systems & Audit department attends all the Committee Meetings, as far as possible, and briefs the Committee on all the points covered in the Report, as well as the other issues, which come up during discussions.

(iii) The Audit Committee, during the year ended on 30th June, 2002, had 4 meetings. The attendance of each Committee member was as under:-

Name of the Directors	Category	No. of Meetings attended
Mr. Nimesh Kampani, Chairman	Non-Executive Independent	3
Mr. N. N. Pai (upto 21.5.02)	Non-Executive Independent	4
Mr. M. L. Bhakta (w.e.f. 29.10.01)	Non-Executive Independent	2 out of 2
Mr. Vinod Neotia	Non-Executive	3

Since Mr. O.V. Bundellu resigned prior to the first Audit Committee Meeting held during the year 2001-2002, his name is not appearing in the above statement.

4. COMPENSATION AND REMUNERATION COMMITTEE

At the beginning of the year, the Compensation & Remuneration Committee comprised of the following members:-

1. Mr. N. N. Pai
2. Mr. M. L. Bhakta
3. Mr. Nimesh Kampani

During the year, Mr. N. N. Pai resigned from the Board and hence ceased to be a member of the Committee. In his place, Mr. Nasser Munjee was appointed as a member. The Committee presently comprises of:-

1. Mr. M.L. Bhakta, Chairman
2. Mr. Nimesh Kampani and
3. Mr. Nasser Munjee

The Committee during the year 2001-2002 had three meetings. The attendance of the members was as under: -

Name of the Directors	Category	No. of Meetings attended
Mr. M. L. Bhakta, Chairman	Non-Executive, Independent	3
Mr. N. N. Pai (upto 21.5.2002)	Non-Executive, Independent	3
Mr. Nimesh Kampani	Non-Executive, Independent	2
Mr. Nasser Munjee (w.e.f. 22.5.2002)	Non-Executive, Independent	(No meeting during the year was held after his appointment)

Mr. N. S. Sekhsaria, Managing Director, was an invitee at all the meetings.

The Committee is empowered to finalise the basic structure of the Employees Stock Option Scheme and recommend the same to the Board for its approval, as well as for the approval of the shareholders. The Committee decides the eligibility of each category of employees, grants the options to them and supervises the implementation of the Scheme.

The Committee also decides the revision in remuneration of the Whole-time Directors and payment of commission to them within the sanction of the shareholders.

The remuneration to the Whole-time Directors and grant of stock options to them are decided on the basis of following broad criteria:-

- a) Industry trend
- b) Remuneration Package in other comparable Corporates
- c) Job contents and key performance areas.

5. SHARE ALLOTMENT AND INVESTORS' GRIEVANCES COMMITTEE

The Board had constituted a Share Allotment Committee in the year 1993 to look into the aspect of allotment of shares kept in abeyance, allotment of privately placed preference shares, debentures, bonds etc. During the year 1999-2000, this Committee, in conformity with the Corporate Governance Code, was re-constituted and named as "Share Allotment and Investors' Grievances Committee" responsible for the redressal of investors' complaints, also in addition to the then existing functions. This Committee was headed by Mr. N. N. Pai upto 22nd May, 2002, when he resigned from the Board and thereafter is headed by Mr. Vinod Neotia, Non-Executive Director and presently consists of the following members:-

- 1) Mr. V. K. Neotia, Chairman
- 2) Mr. Pulkit Sekhsaria
- 3) Mr. A. L. Kapur
- 4) Mr. B. L. Taparia
- 5) Mr. Anil Singhvi

During the year 2001-02 this Committee had 13 meetings, which were attended by the members as under:-

Name of the Member	Category	No. of Meetings attended
Mr. N. N. Pai (upto 21.5.2002)	Non-Executive, Independent	12 out of 12
Mr. Vinod Neotia (W.e.f. 22.5.2002)	Non-Executive	1 out of 1
Mr. Pulkit Sekhsaria	Whole-time Director	9
Mr. A. L. Kapur	Whole-time Director	10
Mr. B. L. Taparia	Whole-time Director	12
Mr. Anil Singhvi	Whole-time Director	11

Mr. B. L. Taparia, Whole-time Director & Company Secretary, is designated as the Compliance Officer, who is overseeing the investors' grievances. The Company has received 1652 complaints during the year ended on 30th June, 2002. All the complaints have been processed in time. None of the complaints received were pending for a period exceeding 30 days. All the requests for transfer of shares have been processed in time and there were no transfers pending for more than 30 days.

6. OTHER COMMITTEES OF DIRECTORS

In addition to the above referred Committees, which are mandatory under the Corporate Governance Code and under the SEBI's guidelines on Stock Options, the Board of Directors has constituted the following more Committees of Directors to look into various business matters:-

Name of the Committee	Business	Members as on 30th June, 2002
Committee of Directors (Bank Matters)	Approval for various facilities granted by Banks, execution of documents, opening and closing of accounts, changes in authorised signatories, giving operating instructions and all other banking matters.	Mr. M. L. Bhakta Mr. Pulkit Sekhsaria Mr. A. L. Kapur Mr. B. L. Taparia Mr. Anil Singhvi

Name of the Committee	Business	Members as on 30th June, 2002
Management Committee	To authorise various executives of the Company for attending and executing Company's work, as may be considered necessary, and for that purpose to grant requisite "Power of Attorney".	Mr. Nimesh Kampani Mr. N. S. Sekhsaria Mr. P. B. Kulkarni Mr. A. L. Kapur Mr. B. L. Taparia Mr. Anil Singhvi
Share Transfer Committee	To approve registration of shares/ debentures/bonds, transfers, issue of duplicate/re- materialised shares, transmission of shares/ debentures/ bonds, consolidation and splitting of certificates etc.	Mr. Pulkit Sekhsaria Mr. P. B. Kulkarni Mr. A. L. Kapur Mr. B. L. Taparia Mr. Anil Singhvi.

7. GENERAL BODY MEETINGS

7.1 Location and Time of General Body Meetings :

The Company convenes the Annual General Meeting generally within four months of the close of the Corporate Financial Year. The details of Annual General Meetings held in the last 3 years are as under:-

Year	Day, Date and Time	Venue
1998-1999	17th AGM held on Monday, 11th October, 1999 at 11.00 a.m.	Registered Office
1999-2000	18th AGM held on Friday, 6th October, 2000 at 3.00 p.m.	Registered Office
2000-2001	19th AGM held on Friday, 5th October, 2001 at 2.30 p.m.	Registered Office

In addition to the Annual General Meetings, the Company holds Extraordinary General Meetings of the shareholders as and when need arises.

7.2 Postal Ballot :

The Company in compliance with the provisions of the Section 192A of the Companies Act, 1956 had, at the previous Annual General meeting, sought the voting from the shareholders by Postal Ballot for passing a special resolution authorising investment in Ambuja cement Rajasthan Ltd. (ACRL), an associate company over and above the limits prescribed u/s. 372A of the Act.

Shri N.H. Parekh, Parekh & Company, Tax Consultant, Somnath Mandir Trust Building, Kodinar, Dist. Junagadh was appointed as Scrutinizer to conduct the postal ballot process.

The resolution was declared as passed through the postal ballot. The details of voting pattern was as under :-

No. of votes assenting the resolution : 4,26,99,070

No. of votes dissenting the resolution : 50,688.

This year also, the Company proposes to invest further in ACRL over and above the limits prescribed under Sec. 372A of the Companies Act, 1956 and is seeking approval from the members for the same through postal ballot as per Item No.14 of the Notice.

8. DISCLOSURES

- (i) There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, their Subsidiaries, or relatives, conflicting with Company's interest. Suitable disclosures as required by the Accounting Standard (AS18) – related party transactions, has been made in the Annual Report.
- (ii) There are no pecuniary relationship or transactions of non-executive directors vis-a-vis the Company which has potential conflict with the interests of the Company at large.
- (iii) No penalties or strictures have been imposed on the Company by the Stock Exchange, or SEBI, or any statutory authority on any matter related to capital markets during the last three years.

9. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are widely published in The Economic Times, The Financial Express and Jaihind.

These results are simultaneously posted on the website of the Company at <http://www.gujaratambuja.com> and on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre (NIC).

The official press releases and some other relevant information are also available on the same website.

10. GENERAL SHAREHOLDERS' INFORMATION**10.1 Registered Office :**

P. O. Ambujanagar, Taluka Kodinar,
District Junagadh, Gujarat - 362 715.

10.2 Corporate Office & Address for Correspondence :

122, Maker Chambers III, Nariman Point,
Mumbai - 400 021

10.3 Plant Locations :

Cement Plants

1. P. O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat - 362 715.
2. Village Suli, P. O. Darlaghat, District Solan, Himachal Pradesh - 171 102
3. Maratha Cement Works, At Post - Upperwahi, Dist. Chandrapur, Maharashtra - 442 908
4. Village Daburji, District Roopnagar, Punjab - 140 001 (clinker grinding unit)
5. P. O. & District Bathinda, Punjab - 150 001 (clinker grinding unit)

Bulk Cement Terminals

1. Muldwarka, Taluka Kodinar, District Junagadh, Gujarat - 362 715
2. Survey No. 39/40, Magdalla Port Road, Village Gavier, Taluka-Choryasi, District Surat, Gujarat - 395 010
3. Village Moha, Near Ulwa Reti Bunder, Post. Ulwa, District Raigad, Maharashtra - 410 306

10.4 Share Transfer Agents :

Sharepro Services,
Satam Estate, 3rd Floor, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai 400 099.
Tel. No.: (022) 821 5168 / 834 7719

Or

Their Investor Service Centre at -
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai - 400 021
Tel. No. : (022) 282 5163 / 284 4668.

10.5 Annual General Meeting :**Date, Time and Venue**

Day & Date : Friday 11th, October, 2002
Time : 9.00 a.m.
Venue : Registered Office - P.O. Ambujanagar,
Taluka Kodinar, District Junagadh,
Gujarat - 362 715.

10.6 Book Closure :

20th August, 2002 to 30th August, 2002

10.7 Dividend Payment Date :

Within seven working days from the date of Annual General Meeting.

10.8 Listing of Shares & Other Securities :

Name of the Stock Exchanges	Stock Code
A. Equity Shares	
(i) The Stock Exchange, Ahmedabad (Regional Stock Exchange) Kamdhenu Complex, Near Polytechnic, Ambavadi, Ahmedabad - 380 015	20210
(ii) The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023	425
(iii) National Stock Exchange of India Ltd. Exchange Plaza, 5th floor, Plot No.C/1, G Block, Bandra-Kurla Complex Bandra (East), Mumbai - 400 051	3000425
(iv) The Calcutta Stock Exchange Association Ltd. 7, Lyons Range, Kolkata - 700 001	58
(v) The Delhi Stock Exchange Association Ltd. 3 & 4 / 4B, Asaf Ali Road, New Delhi - 110 002	07021

B. Debentures

All the outstanding Debentures of the Company (except Series 9 to 14) are listed at the whole-sale debt segment of the National Stock Exchange of India Ltd.

C. GDRs/ FCCBs

The GDRs and FCCBs are listed at Luxembourg Stock Exchange
Societe de la Bourse de Luxembourg, Avenue de la Porte
Neuve L-2011 Luxembourg, B.P.165

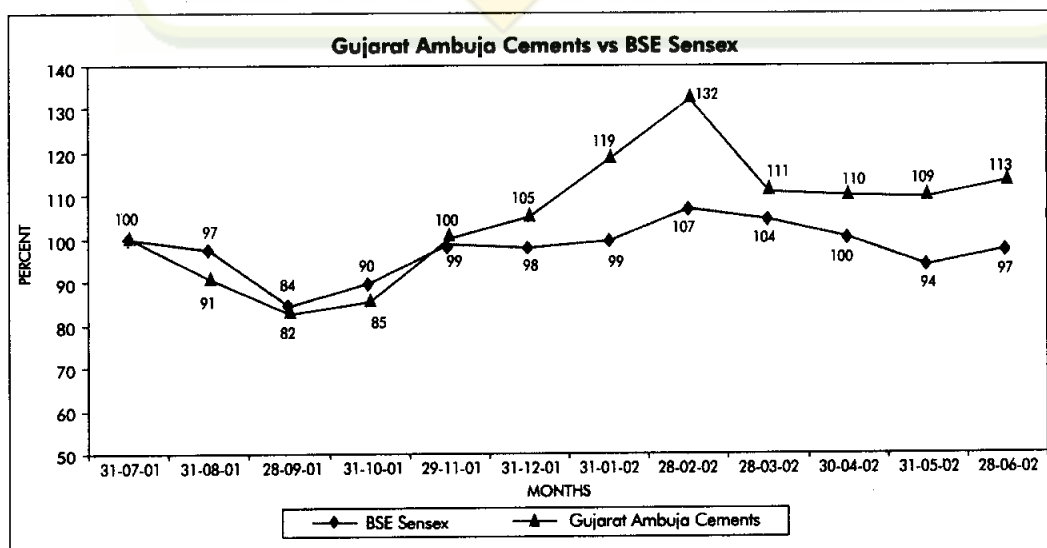
10.9 Listing Fees :

Company has paid listing fees for the Financial Year 2002-2003 to all the Stock Exchanges where its securities are listed.

10.10 Market price Data :

The high/ low market price of the shares during the year 2001-2002 at the Stock Exchange, Mumbai and at National Stock Exchange of India Ltd. were as under:-

Month	Quotation at Mumbai Stock Exchange		Quotation at National Stock Exchange	
	HIGH	LOW	HIGH	LOW
July, 2001	205.00	171.50	192.00	171.00
August, 2001	184.95	163.00	184.50	163.60
September, 2001	162.00	136.30	165.05	139.05
October, 2001	164.80	144.10	165.00	144.20
November, 2001	182.95	151.10	182.90	151.20
December, 2001	215.00	180.00	220.00	180.00
January, 2002	232.00	190.10	231.00	190.10
February, 2002	254.00	206.20	253.60	207.00
March, 2002	245.00	200.00	245.90	199.70
April, 2002	218.00	189.55	218.90	189.25
May, 2002	215.00	194.00	222.00	192.05
June, 2002	205.00	196.10	204.90	191.00

10.11 Performance in comparison to broad based indices :

10.12 Distribution of Shareholding :

The shareholding distribution of equity shares as on 30th June, 2002 is given below :-

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	12636	360029	0.23
51 to 100	9104	849275	0.55
101 to 500	22682	6404174	4.13
501 to 1000	10575	7137442	4.60
1001 to 5000	4701	8748867	5.63
5001 to 10000	220	1520717	0.98
10001 to 50000	210	4636619	2.99
50001 to 100000	35	2649301	1.71
100001 to 500000	74	15889828	10.24
500001 & above	29	106993669	68.94
TOTAL	60266	155189921	100.00

10.13 Shareholding Pattern:

Category	No. of shares
■ Body Corporates (28%)	43614866
■ International Finance Corporation, Washington (2%)	3554927
■ Affinity Investments Ltd., Mauritius (An associate of Warburg Pincus) (5%)	8000000
■ Foreign Investors (including FIIs) (19%)	29788439
■ OCB, NRIs (3%)	3950452
■ Mutual Funds, Banks & Institutions (19%)	29489715
■ GDR Holders (6%)	9567300
■ Others (18%)	27224222
TOTAL	155189921

**10.14 Dematerialisation of shares :**

Nearly 69% of total Equity Share Capital is held in dematerialised form with NSDL and CDSL.

10.15 Outstanding GDRs or Warrants or any Convertible Instrument, conversion dates and likely impact on equity :

- (i) The Company had issued Foreign Currency Convertible bonds in the year 1993. All these bonds were converted into Global Depository Receipts (GDRs) representing equity shares in the Company. Out of the total issue, 9567300 GDRs (each GDR representing one share) are outstanding as on 30th June, 2002. These GDRs are listed on the Luxembourg Stock Exchange, Luxembourg. The underlying shares representing the outstanding GDRs have already been included in equity share capital. Therefore, there will be no further impact on the equity capital of the Company.
- (ii) The Company has issued warrants, convertible bonds and has granted Stock Options from time to time in past. The outstanding position of these convertible instruments as on 30th June, 2002 and their likely impact on the equity share capital is as under:-

Sr. No.	Issue Particulars	Conversion Rate per share	Likely Impact on full conversion	
			Share Capital (Rs. in lacs)	Share Premium (Rs. in lacs)
1.	80,00,000 warrants issued to Affinity Investments Ltd., Mauritius, an associate of Warburg Pincus, each warrant convertible into one equity share upto 30th Sept., 2002	Rs. 225/-	800.00	17200.00
2.	Foreign Currency Convertible Bonds of the aggregate value of US\$ 99.3 million, convertible into 20654400 equity shares upto January, 2006	Rs. 222.34	2065.44	43857.55
3.	Employees Stock Options			
	2350 Options granted under ESOS 1999-2000, one Stock Option convertible into two equity shares upto 31st January, 2005.	At an adjusted price of Rs. 125	0.47	5.41
	882200 Options granted under ESOS 2000-2001, one Stock Option convertible into one equity share upto 12th November, 2009.	Rs. 138	88.22	1129.22
	705050 Options granted under ESOS 2001-02, one Stock Option convertible into one equity share upto 9th October, 2007.	Rs. 150	70.51	987.07
			159.20	2121.70
4.	Rights entitlement kept in abeyance out of the Rights Issue of equity shares and warrants to equity shareholders made in the year 1992			
	53544 Right shares	At an adjusted price of Rs. 50/-	5.35	21.42
	59792 warrants	At an adjusted price of Rs. 56.25	5.98	27.65
TOTAL			3035.97	63228.32

- (iii) The diluted equity share capital of the Company upon conversion of all the outstanding convertible instruments will be Rs. 185.55 crores.

10.16 Share Transfer System :

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in about 15 to 20 days from the date of receipt of the documents, provided the documents are found in order. Shares under objection are returned within two weeks. The Share Transfer Committee meets generally on a weekly basis to consider the transfer proposals.

10.17 Financial Calendar 2002-2003 :

First quarterly results	: By end of October, 2002
Second quarterly/ Half yearly results	: By end of January, 2003
Third quarterly results	: By end of April, 2003
Annual results for the year ending on 30th June, 2003	: By end of August, 2003
Annual General Meeting for the year ending on 30th June, 2003	: October, 2003

10.18 Dividend Policy :

The first issue of shares was made by the Company in the year 1985-86 at Rs.10/- per share. Company has been paying dividend from its very first full year of operation. From a modest dividend of 11% in 1987-88, Company has been increasing dividend almost every year. This year, the Board has recommended a dividend of Rs. 6/- per share, including Rs. 4/- paid as interim dividend.

One share issued by the Company in the year 1985 at Rs. 10/- has received a total dividend of Rs. 130.80 as of date and considering the proposed final dividend for this year, it would amount to a total of Rs. 138.80. The said one share today has accreted to four shares of the present market value of Rs. 660/- approximately, an appreciation of 66 times of the original investment. On the original investment of Rs. 10/-, the dividend received this year will be Rs. 24/-.

The payout ratio for the year 2001-2002 is 50%. As a future policy for payment of dividend, Company shall endeavour to follow a pay-out ratio of atleast 35% in the normal circumstances.



CERTIFICATE

To the Members of
Gujarat Ambuja Cements Limited
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by GUJARAT AMBUJA CEMENTS LIMITED for the year ended 30th June 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above

mentioned Listing Agreement, except that the Chairman of the Audit Committee did not attend the Annual General Meeting held on 5th October 2001.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrars and Share Transfer Agents of the Company have maintained records to show the Investors' Grievances against the Company and have certified that as on June 30, 2002, there were no investor grievances remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DALAL & SHAH
Chartered accountants

For N. M. RAIJI & CO.
Chartered Accountants

Y. C. Amin
Partner

A. R. Gandhi
Partner

Mumbai, 20th August 2002.



FIVE YEAR PERFORMANCE

	Rs. in crores				
	1998	1999	2000	2001	2002
Sales	1131	1250	1302	1448	1583
Operating Profit	353	382	397	463	466
Cash Profit	245	274	553 *	329	369
Profit before Tax	136	151	456 *	200	231
Profit after Current Tax	131	151	428 *	186	215
Profit after Deferred Tax	—	—	—	—	187
Gross Block	1882	1942	2122	2671	2900
Net Worth	974	1048	1403	1521	1618
Foreign Currency Convertible Bonds	—	—	—	461	461
Debt	1068	794	1182	1196	1322
Cash EPS (Rs.)	33	37	38 *	22	24
EPS (Rs.)	18	21	29 *	13	12
Dividend (%)	60	70	40 *	50	60
Capacity - Million Tons	5	5	5.5	7	9
Production - Million Tons	5.05	6.01	5.78	6.1	7.2

Note :

* Includes Extraordinary Income of Rs. 254 Crores (Net of taxes).

FUND FLOW SINCE INCEPTION

	Rs. Crores	(%)
Sources of Fund		
Equity Contribution	683	15
Internal Generation	2006	45
Foreign Currency Convertible Bonds	461	10
Loan Fund	1322	30
	4472	100
Application of Fund		
Fixed Assets	2900	65
Investments *	1318	29
Net Current Assets	254	6
	4472	100

Note :

* This includes Cement Assets of Rs.1205 Crores.

AUDITORS' REPORT

TO THE MEMBERS,

We have audited the attached Balance Sheet of GUJARAT AMBUJA CEMENTS LIMITED as at 30th June, 2002 and also Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order;
2. Further to our comments in the Annexure referred to in paragraph above, we report that :-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account of the Company;
 - (d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the

Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;

- (e) On the basis of written representations received from the Directors as on 30th June, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2002 from being appointed as a Director in terms and clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with (i) Note No. 18(a)-relating to change in the method of accounting for provision for income tax, (ii) Note No. 24(b) relating to receivables on account of power subsidy disputed by the Government of Himachal Pradesh and (iii) Note No. 25- relating to amounts strategically invested in and loans given to Ambuja Cement Rajasthan Limited, an associate company, registered with BIFR, and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view, in conformity with the accounting principles generally accepted in India:-
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 30th June, 2002 and
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner

For and on behalf of
N. M. RAIJI & CO.
Chartered Accountants

A. R. Gandhi
Partner

Mumbai, 2nd August, 2002.

ANNEXURE

Referred to in paragraph I of our report of even date on the accounts for the year ended 30th June, 2002

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that :-

- | | |
|--|---|
| <p>i) The Company is generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, all the assets, except furniture and fixtures, have been physically verified by the management during the year and discrepancies noticed are in process of reconciliation. Adjustments, if any, will be carried out in the accounts on completion of the said reconciliation.</p> <p>ii) None of the Fixed Assets have been revalued during the year;</p> <p>iii) The stocks of finished goods, spares and raw materials have been physically verified by the Management during and/or at the end of the year, except for stocks of stores and spares in transit and stocks lying with the contractors, which have, generally, been confirmed by the parties;</p> <p>iv) In our opinion, the procedures of physical verification of the stocks referred to in (iii) above followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business;</p> <p>v) According to the records produced to us for our verification, no material discrepancies have been noticed on physical verification of stocks referred to in (iii) above, as compared to book records and the same have been properly dealt with in the books of account;</p> <p>vi) We have examined the stock verification records of the Company and, wherever considered necessary, have physically verified the stocks with assistance from the technical staff of the Company. On the basis of such examination and verification, and also considering the accounting method adopted for accounting custom duty referred to in Note No. 21 to the accounts, we are satisfied that the valuation of stocks is fair and proper</p> | <p>vii) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of the erstwhile Section 370(1B) of the Companies Act, 1956;</p> <p>viii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As explained to us, there are no companies under the same management within the meaning of the erstwhile Section 370(1B) of the Companies Act, 1956;</p> <p>ix) In respect of loans and advances in the nature of loans given by the Company, we have to state as under :-</p> <p>(a) Loans to Subsidiaries :</p> <ol style="list-style-type: none"> 1. The Company has given a secured loan to a subsidiary, which is repayable together with interest at the end of the specified term. The amount outstanding as on 30th June, 2002 is Rs. 1395.22 lacs. 2. The Company had given unsecured loans repayable on demand, against which a balance of Rs. 250.00 lacs was outstanding as at 1st July, 2001. A further loan of Rs. 40.00 lacs was given during the year and Rs. 165.00 lacs were demanded and received during the year. Interest is being recovered regularly; <p>(b) Employees and other parties, to whom loans have been given by the Company, are repaying the principal amount as stipulated and the interest, wherever stipulated, is being recovered regularly.</p> |
|--|---|

- x) In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, plant and machinery, equipment and other assets and also for the sale of goods;
- xi) According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable, having regard to prevailing market prices available with the Company for such goods and materials, or the prices at which transactions for similar goods have been made with other parties;
- xii) According to the information and explanations given to us, the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods and necessary provision for loss arising on the items so determined, has been made in the books of account of the Company;
- xiii) The Company has not accepted any deposits from the public;
- xiv) As explained to us, the Company does not have any by-products or manufacturing scrap;
- xv) In our opinion, the Company has an adequate internal audit system commensurate with its size and the nature of its business;
- xvi) We have broadly reviewed the books of account maintained by the Company, pursuant to the Rules made by the Central Government, for the maintenance of cost records, under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;
- xvii) According to the records of the Company, Provident Fund dues and Employees' State Insurance dues, wherever applicable, have been generally deposited regularly with the appropriate authorities;
- xviii) On the basis of the records of the Company and considering the accounting of customs duty at the time of removal of the goods, as detailed in Note 21 to the Accounts, no undisputed amounts were outstanding in respect of income tax, wealth tax, sales tax, customs duty and excise duty as at the last day of the financial year for a period of more than six months from the date they became payable;
- xix) On the basis of (i) the examination of the books of account, (ii) vouchers produced to us for our verification, (iii) explanations given and representations made to us upon our inquiries, (iv) checks and controls relating to authorising expenditure on the basis of contractual obligations to the employees and (v) accepted business practices, having regard to the Company's need and exigencies, we have not come across any expenses charged to revenue which, in our opinion and judgement and to the best of our knowledge and belief, could be regarded as personal expenses;
- xx) The Company does not fall within the purview of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner

Mumbai, 2nd August, 2002

For and on behalf of
N. M. RAIJI & CO.
Chartered Accountants

A. R. Gandhi
Partner

BALANCE SHEET

as at 30th June, 2002

	Schedule	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	15,516.79		14,710.98
Share Application Money		5.62		-
Employee Stock Option Outstanding		10.18		9.89
Reserves and Surplus	B	144,932.42		137,782.38
			160,465.01	152,503.25
Amount received against issue of warrants (Refer Note 20 (b))			1,800.00	-
Deferred Tax Liability, net (Refer Note 7)			22,276.58	-
Loan Funds				
Secured Loans	C	119,115.21		106,220.70
Unsecured Loans				
99,300 1% Foreign Currency Convertible Bonds of US\$ 1,000 each (Refer Note 19)		46,137.26		46,137.26
Others	D	13,062.88		13,378.67
		59,200.14		59,515.93
			178,315.35	165,736.63
TOTAL			362,856.94	318,239.88
APPLICATION OF FUNDS				
Fixed Assets	E			
Gross Block		285,542.89		217,729.40
Less: Depreciation		84,780.79		70,851.98
Net Block		200,762.10		146,877.42
Capital Work in Progress (Refer Note 28)		3,254.84		47,663.27
		204,016.94		194,540.69
Advances against capital expenditure		1,209.38		1,734.80
			205,226.32	196,275.49
Investments	F		113,205.29	111,880.96
Current Assets, Loans and Advances				
Inventories	G	20,837.32		16,142.72
Sundry Debtors	H	3,901.45		3,343.83
Cash and Bank Balances	I	5,072.43		2,860.58
Other Current Assets	J	2,370.82		2,435.49
Loans and Advances	K	34,067.20		15,277.97
		66,249.22		40,060.59
Less: Current Liabilities and Provisions	L			
Liabilities		18,821.31		22,059.85
Provisions		3,430.13		8,312.57
		22,251.44		30,372.42
Net Current Assets			43,997.78	9,688.17
Miscellaneous Expenditure (to the extent not written off or adjusted)	M		427.55	395.26
TOTAL			362,856.94	318,239.88
Notes forming part of the Accounts	S			

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered AccountantsFor and on behalf of
N. M. RAJJI & CO.
Chartered Accountants

For and on behalf of the Board

Y. C. Amin
PartnerA. R. Gandhi
PartnerN. S. Sekhsaria
Managing DirectorB. L. Taparia
Whole-time Director &
Company Secretary

Suresh Neotia

Vinod Neotia

M. L. Bhakta

M. T. Patel

Nimesh Kampani

Rajendra P. Chitale

Nasser Munjee

Harshavardhan Neotia

A. L. Kapur

P. B. Kulkarni

A. V. Rao

Pulkit Sekhsaria

Anil Singhvi

Chairman

Directors

Whole-time Directors

Mumbai, 2nd August, 2002

PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2002

	Schedule	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
INCOME				
Sales / Operating Income				
Sales		158,263.09		144,732.31
Adjustments relating to previous years		37.55		52.71
			158,300.64	144,785.02
Other Income	N		2,158.26	1,466.74
Variation in Stocks	O		(1,278.70)	1,127.60
			159,180.20	147,379.36
EXPENDITURE				
Manufacturing Expenses	P	60,262.95		54,284.58
Excise Duty		19,884.52		17,927.54
Administrative and Selling Expenses	Q	32,453.11		28,769.34
Interest and Finance Charges, (net)	R	9,664.00		13,408.44
Depreciation and Amortization		13,781.52		12,929.73
			136,046.10	127,319.63
Profit before Tax			23,134.10	20,059.73
Provision for Current Tax (Refer Note 18 (a))			1,650.00	1,425.00
Profit after Current Tax			21,484.10	18,634.73
Provision for Deferred Tax (Refer Note 7)			2,831.96	-
Profit for the year			18,652.14	18,634.73
Balance as per last Account			7,568.85	5,100.79
Adjustments in respect of Prior years :				
Depreciation and Amortization (net)		(38.05)		787.96
Leave Encashment Liability		-		(126.42)
Income Tax (Refer Note 18 (a))		(725.00)		-
Wealth Tax		4.29		-
			(758.76)	661.54
Transferred from Debenture Redemption Reserve			6,249.94	7,350.00
Transferred to Debenture Redemption Reserve			10,800.00	7,200.00
Transferred to Contingency Reserve			-	1,000.00
Transferred to General Reserve			4,000.00	7,500.00
			16,912.17	16,047.06
Interim Dividend :				
On Preference Shares		-		304.37
Corporate Dividend Tax on above		-		66.96
				371.33
On Equity Shares, subject to deduction of tax		6,207.58		-
			6,207.58	371.33
Proposed Final Dividend :				
On Equity Shares, subject to deduction of tax *		3,103.79*		7,356.52
Corporate Dividend Tax on above		-		750.36
		3,103.79		8,106.88
			3,103.79	8,106.88
Balance carried to Balance Sheet			7,600.80	7,568.85
Notes forming part of the Accounts	S			
Earning per share - in Rs. (Refer Note 6)			11.54	12.86
Basic			10.32	12.22
Diluted				

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered AccountantsY. C. Amin
PartnerFor and on behalf of
N. M. RAJJI & CO.
Chartered AccountantsA. R. Gandhi
Partner

For and on behalf of the Board

N. S. Sekhsaria
Managing DirectorB. L. Taparia
Whole-time Director &
Company SecretarySuresh Neotia
Vinod Neotia
M. L. Bhakta
M. T. Patel
Nimesh Kampani
Rajendra P. Chitale
Nasser Munjee
Harshavardhan NeotiaA. L. Kapur
P. B. Kulkarni
A. V. Rao
Pulkit Sekhsaria
Anil Singhvi

Chairman

Directors

Whole-time Directors

Mumbai, 2nd August, 2002

SCHEDULES 'A' TO 'S'
annexed to and forming part of the Balance Sheet as at and
Profit and Loss Account for the year ended 30th June, 2002

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL			
Authorised			
25,00,00,000 Equity Shares of Rs. 10 each	25,000.00		25,000.00
15,00,00,000 Preference Shares of Rs. 10 each	15,000.00		15,000.00
		40,000.00	40,000.00
Issued			
15,53,32,610 (14,72,77,310) Equity Shares of Rs. 10 each		15,533.26	14,727.73
		15,533.26	14,727.73
Subscribed			
15,51,89,921 (14,71,31,802) Equity Shares of Rs. 10 each fully called up		15,518.99	14,713.18
Less : Allotment and Call money in arrears (other than Directors)		2.20	2.20
		15,516.79	14,710.98
Notes:			
Out of above Equity Shares :			
1) 10,45,35,395 (10,45,33,376) Shares of Rs. 10 each, have been issued as fully paid up Bonus Shares by way of capitalisation of Security Premium Account and Capital Redemption Reserve Account.			
2) 49,08,548 (49,08,148) Shares have been issued against exercise of Tradable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.			
3) 1,24,94,190 Shares have been issued on conversion of 15,997 3.5% Foreign Currency Convertible Bonds of US \$ 5,000 each.			
SCHEDULE 'B' – RESERVES AND SURPLUS			
Capital Reserve			
(a) Cash Subsidies from Government and other authorities :			
As per last Account	103.10		103.10
Add : Received during the year	5.00		–
	108.10		103.10
(b) Grant-in-aid Subsidy from DANIDA	11.61		11.61
(c) Modvat/Cenvat Credit availed on Capital Goods :			
As per last Account	7,142.72		3,975.91
Add : Availed during the year	815.44		3,182.05
	7,958.16		7,157.96
Less : Claims withdrawn and adjustments relating to earlier years	35.73		15.24
	7,922.43		7,142.72
		8,042.14	7,257.43
Security Premium Account			
As per last Account	32,296.81		34,465.30
Add : Bond Issue Expenses excess provided in previous year, added back	47.11		–
	32,343.92		34,465.30
Less : Capitalised-Issue of Bonus Shares	0.20		–
	32,343.72		34,465.30
Less : Share, Debenture and Bond Issue Expenses	90.13		2,178.65
	32,253.59		32,286.65
Add : Received during the year	17,271.16		10.16
		49,524.75	32,296.81
Carried forward		57,566.89	39,554.24

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'B' – RESERVES AND SURPLUS (Contd.)			
Brought forward		57,566.89	39,554.24
Investment Allowance (Utilised) Reserve Account		1,550.00	1,550.00
Debenture Redemption Reserve			
As per last Account	21,299.94		21,449.94
Less : Transferred to Profit and Loss Account	6,249.94		7,350.00
	15,050.00		14,099.94
Add : Set aside this year	10,800.00		7,200.00
		25,850.00	21,299.94
Capital Redemption Reserve			
As per last Account	–		10,000.00
Less: Transfer to Capital Redemption Reserve Account	–		10,000.00
		–	–
Capital Redemption Reserve Account			
As per last Account	10,000.00		–
Add : Transfer from Capital Redemption Reserve	–		10,000.00
		10,000.00	10,000.00
Contingency Reserve			
As per last Account	5,309.35		4,309.35
Add : Set aside this year	–		1,000.00
		5,309.35	5,309.35
General Reserve			
As per last Account	52,500.00		45,000.00
Less : Deferred Tax liability as on 1st July, 2001 (Refer Note 7)	19,444.62		–
	33,055.38		45,000.00
Add : Set aside this year	4,000.00		7,500.00
		37,055.38	52,500.00
Surplus as per Profit and Loss Account		7,600.80	7,568.85
		144,932.42	137,782.38

SCHEDULE 'C' – SECURED LOANS

(a) Secured Redeemable Non-Convertible Debentures and Bonds (Refer Note 1 below)		100,200.00	65,116.05
(b) Term Loans :			
From Financial Institutions (Refer Note 2 below)	–		34,437.50
From Bank (To be Secured by way of first <i>pari passu</i> charge by equitable mortgage of all immovable properties both present and future situated at Darlaghat, in the state of Himachal Pradesh. Documents regarding mortgage are under execution).	15,000.00		–
		15,000.00	34,437.50
(c) Foreign Currency Term Loan from a Bank (Since Pre-paid) (Secured by hypothecation of four D.G. Sets installed at the Company's Plant at Ambujanagar in the state of Gujarat)		3,912.80	5,653.20
(d) From Banks (Secured by hypothecation of inventories and book debts)		2.41	1,013.95
		119,115.21	106,220.70

		As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'C' – SECURED LOANS (Contd.)			
Notes :			
(1) Secured Redeemable Non-Convertible Debentures and Bonds comprise of :			
1,11,570	16.50% Secured Redeemable Non-Convertible Bonds of Rs. 10,000 each - Series '6' (Redeemable at par on 27.01.2007, put/call option on 27.01.2002, redeemed during the year)	–	11,157.00
6,104	Secured Redeemable Non-Convertible Discount Bonds, Face Value of Rs. 50,000 (Issue Price Rs. 10,000) each - Series '7' (Redeemable at par on 27.01.2002, put/call option on 27.01.2002, redeemed during the year)	–	1,259.05
640	14.00% (13.50%) Secured Redeemable Non-Convertible Step Up Debentures of Rs. 5,00,000 each - Series '8' (Redeemable at par on 27.08.2002)	3,200.00	3,200.00
50,00,000	13.50% Secured Redeemable Non-Convertible Debentures of Rs. 100 each - Series '9' (Redeemable at par on 07.01.2004)	5,000.00	5,000.00
20,00,000	13.50% Secured Redeemable Non-Convertible Debentures of Rs.100 each - Series '10' (Redeemable at par on 06.03.2004)	2,000.00	2,000.00
5,00,000	13.50% Secured Redeemable Non-Convertible Debentures of Rs.100 each - Series '11' (Redeemable at par on 30.03.2004)	500.00	500.00
25,00,000	11.90% Secured Redeemable Non-Convertible Debentures of Rs.100 each - Series '12' (Redeemable at par on 04.11.2002)	2,500.00	2,500.00
25,00,000	12.00% Secured Redeemable Non-Convertible Debentures of Rs. 100 each - Series '13' (Redeemable at par in 3 equal annual installments on 01.12.2004, 01.12.2005 and 01.12.2006)	2,500.00	2,500.00
70,00,000	12.30% Secured Redeemable Non-Convertible Debentures of Rs. 100 each - Series '14' (Redeemable at par on 10.10.2005)	7,000.00	7,000.00
100	11.75% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '15' (Redeemable at par on 12.12.2005)	10,000.00	10,000.00
55	10.65% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '16' (Redeemable at par on 27.04.2004)	5,500.00	5,500.00
145	11.00% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '17' (Redeemable at par in 2 equal annual installments on 27.04.2005 and 27.04.2006)	14,500.00	14,500.00
50	(-) 9.75% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '18' (Redeemable at par on 11.07.2008 with a put/call option on 11.07.2006)	5,000.00	–
50	(-) 9.60% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '19' (Redeemable at par on 16.08.2008 with a put/call option on 16.08.2006)	5,000.00	–
50	(-) 8.00% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '20' (Redeemable at par on 06.12.2002)	5,000.00	–
100	(-) 9.28% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '21' (Redeemable at par on 10.01.2007)	10,000.00	–
	Carried forward	77,700.00	65,116.05

	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'C' – SECURED LOANS (Contd.)		
Brought forward	77,700.00	65,116.05
25 (-) 9.28% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '22' (Redeemable at par on 18.01.2007)	2,500.00	–
100 (-) 9.25% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '23' (Redeemable at par on 08.05.2005)	10,000.00	–
50 (-) 9.45% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '24' (Redeemable at par on 08.02.2007)	5,000.00	–
25 (-) 8.70% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '25' (Redeemable at par on 10.05.2006)	2,500.00	–
25 (-) 8.40% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '26' (Redeemable at par on 14.05.2007 with a put/call option on 14.05.2005)	2,500.00	–
	100,200.00	65,116.05

Series No. 8 to 15 and 22 to 24 are secured by way of first *pari passu* charge by mortgage of immovable properties of the three cement plants of the Company situated at Ambujanagar, in the state of Gujarat, as covered under respective Trust Deeds.

Series No. 16 to 21 are secured by way of first *pari passu* charge by mortgage of immovable properties of the Company situated at Upparwahi, in the state of Maharashtra, as covered under the respective Trust Deeds.

Series No. 25 and 26 to be secured by way of first *pari passu* charge by mortgage of immovable properties of the Company, to be covered under the respective Trust Deeds. Documents regarding mortgage are under execution.

(2) From Financial Institutions :

- Outstanding amount of Rs. Nil (30.06.2001-Rs. 937.50 lacs), secured by way of first *pari passu* charge by Joint Equitable Mortgage of all the immovable properties of the three cement plants at Ambujanagar, in the state of Gujarat.
- Outstanding amount of Rs. Nil (30.06.2001-Rs. 3,500 lacs), secured by way of hypothecation of all the movable assets (save and except book debts) situated at Darlaghat, in the state of Himachal Pradesh, Ropar and Bathinda, in the state of Punjab and Equitable Mortgage of all the immovable properties, both present and future, situated at Darlaghat, in the state of Himachal Pradesh.
- Outstanding amount of Rs. Nil (30.06.2001-Rs. 30,000 lacs), secured by Equitable Mortgage of the immovable assets and hypothecation of all the movable assets of Cement Plant and Captive Power Plant of the Company situated at Upparwahi, in the state of Maharashtra (save and except, assets specifically hypothecated to Banks for working capital), both present and future, subject to the prior charges created and/or to be created in favour of Company's Bankers on specified movable assets for Working Capital facilities.

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	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'D' – UNSECURED LOANS		
Sales Tax Deferment Loan under Sales Tax Incentive Scheme of Government of Gujarat	1,843.41	2,031.28
Foreign Currency Term Loan from Banks	10,593.91	10,204.03
Due to a Subsidiary Company, for Ships acquired under Bare Boat Charter-cum-Demise arrangement	625.56	1,143.36
	13,062.88	13,378.67

SCHEDULE 'E' – FIXED ASSETS

DESCRIPTION	Rs. in lacs									
	GROSS BLOCK (at Cost)				DEPRECIATION				NET BLOCK	
	As at 30.06.2001	Additions (f)	Deductions/ Transfers	As at 30.06.2002	Upto 30.06.2001	For the year (g)	Deductions/ Transfers	Upto 30.06.2002	As at 30.06.2002	As at 30.06.2001
Freehold Land (a)	6,364.78	575.04	-	6,939.82	-	-	-	-	6,939.82	6,364.78
Leasehold Land (b)	966.12	-	5.29	960.83	175.10	35.64	5.29	205.45 (j)	755.38	791.02
Buildings, Roads and Water Works (c)	23,534.87	6,188.31	312.14	29,411.04	2,852.81	581.30	73.94	3,360.17	26,050.87	20,682.06
Marine Structures (h)	9,490.40	4.43	-	9,494.83	1,564.16	380.84	-	1,945.00 (j)	7,549.83	7,926.24
Plant and Machinery (e)	147,694.20	53,236.15	574.21	200,356.14	52,291.57	10,827.02	119.90	62,998.69	137,357.45	95,402.63
Electrical Installations	13,377.32	5,703.75	4.40	19,076.67	6,958.03	1,362.02	(0.11)	8,320.16	10,756.51	6,419.29
Railway Sidings and Locomotives (d)	1,159.71	1,848.70	-	3,008.41	457.01	61.74	-	518.75	2,489.66	702.70
Furniture, Fixtures and Office Equipments	3,974.46	679.36	60.98	4,592.84	2,105.75	421.40	17.84	2,509.31	2,083.53	1,868.71
Ships	7,424.70	31.19	-	7,455.89	3,043.05	578.39	-	3,621.44	3,834.45	4,381.65
Vehicles	1,774.07	467.81	524.73	1,717.15	1,120.78	217.10	408.65	929.23	787.92	653.29
Power Lines (i)	1,968.77	-	-	1,968.77	283.72	56.31	-	340.03 (j)	1,628.74	1,685.05
Water Drawing Rights	-	560.50	-	560.50	-	32.56	-	32.56 (j)	527.94	-
TOTAL	217,729.40	69,295.24	1,481.75	285,542.89	70,851.98	14,554.32	625.51	84,780.79	200,762.10	146,877.42
Previous year's Total	193,802.64	26,166.70	2,239.94	217,729.40	60,240.67	13,049.77	2,438.46	70,851.98	146,877.42	

Notes :

- (a) Includes Rs. 9.50 lacs (30.06.2001-Rs. 9.50 lacs) being value of land jointly owned with other parties.
- (b) Includes Rs. 444.31 lacs (30.06.2001-Rs. 444.31 lacs) being the value of land for which lease deeds are pending execution.
- (c) Includes :
- Premises on ownership basis of Rs. 2,143.04 lacs (30.06.2001-Rs. 2,143.04 lacs) and cost of shares in Co-operative Societies Rs.0.78 lac (30.06.2001-Rs. 0.78 lac).
 - Rs. 198.35 lacs (30.06.2001-Rs. 186.73 lacs) being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 21.30 lacs (30.06.2001-Rs. 17.93 lacs) being the amortization thereof upto 30th June, 2002 and included in Depreciation.
- (d) Includes Rs. 99.56 lacs (30.06.2001-Rs. Nil) being cost of Railway siding constructed by the Company, ownership of which vests with the Government / Railway Authorities and Rs. 0.39 lac (30.06.2001-Rs. Nil) being the amortization thereof upto 30th June, 2002 and included in Depreciation.
- (e) Includes Rs. 1,004.13 lacs (30.06.2001-Rs. 1,003.85 lacs) being cost of bulkers used as Material Handling Equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles.
- (f) Includes Rs. 236.19 lacs (30.06.2001-Rs. 645.69 lacs) on account of revaluation of foreign currency liabilities due to exchange rate fluctuations.
- (g) Includes Rs. 102.07 lacs (30.06.2001 -Rs. 114.95 lacs) and Rs. 670.73 lacs (30.06.2001 -Rs. 5.09 lacs) being depreciation on assets used in the pre-operative and trial run period respectively, capitalised.
- (h) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.
- (i) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.
- (j) Represents amount amortized upto 30th June, 2002.

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'F' – INVESTMENTS (at cost)			
Long Term Investments:			
In Government & Trust Securities			
Quoted :			
24,18,570 Master Shares of Rs. 10 each of Unit Trust of India		413.28	413.28
Unquoted :			
Indira Vikas Patra of the Face Value Rs. 6,00,000	6.00		6.00
National Saving Certificate of the Face Value Rs. Nil (30.06.2001-Rs. 1,500)	-		0.01
		6.00	6.01
		419.28	419.29
Carried forward		419.28	419.29

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE "F" – INVESTMENTS (at cost) (Contd.)			
Brought forward		419.28	419.29
In Fully Paid Shares, Debentures and Bonds, other than Trade			
Quoted:			
In Equity Shares:			
100 Equity Shares of Rs.10 each in Bank of Baroda	0.09		0.09
12,81,62,369 Equity Shares of Rs. 10 each in Ambuja Cement Rajasthan Limited (Refer Note 25)	16,150.92		16,150.92
– (4,24,600) Equity Shares of Rs.10 each in Bank of India	–		233.55
5,75,680 Equity Shares of Rs. 10 each in The Industrial Development Bank of India	467.74		467.74
11,08,200 Equity Shares of Rs. 10 each in Priyadarshini Cement Limited	264.83		264.83
1,26,850 Equity Shares of Rs. 10 each in Revathi CP Equipment Limited	466.93		466.93
34,956 (33,000) Equity Shares of Rs. 10 each in Videsh Sanchar Nigam Limited	85.63		147.57
		17,436.14	17,731.63
In Fully Paid Debentures :			
– (12,500) 17.5% Secured Redeemable Non-Convertible Debentures of Rs. 1,000 each of The Arvind Mills Limited	–		*132.41
– (3,550) 14% Secured Redeemable Non-Convertible Debentures of Rs. 50 each of Balmer Lawrie-Van Leer Limited	–		*1.21
		–	133.62
In Units of Mutual Funds :			
99,23,667 Morgan Stanley Growth Funds Units of Rs. 10 each of Morgan Stanley Mutual Fund		870.44	870.44
Unquoted:			
In Fully Paid Equity Shares :			
24,75,000 Equity Shares of Rs. 10 each in Bengal Ambuja Housing Development Limited	247.50		247.50
4,95,000 (-) Equity Shares of Rs. 10 each in Bengal Ambuja Metro Development Limited	49.50		–
10,00,000 Equity Shares of Rs. 10 each in Gujarat Goldcoin Ceramics Limited	100.00		100.00
14,39,400 Equity Shares of Rs. 10 each in ICAN Securities and Research Limited	143.94		143.94
		540.94	491.44
In Fully Paid Debentures :			
– (3,00,000) 18.5% Secured Redeemable Non-Convertible Debentures of Rs. 100 each of Punjab Wireless System Limited [Balance value Rs. 33.33 each after redemption of Rs. 66.67 per debenture] (Investment written off)		–	100.00
In Units of Mutual Funds :			
26,21,294.656 (-) HDFC Liquid Fund - Growth Option Units of Rs. 10 each of HDFC Mutual Fund	300.44		–
23,31,785.028 (-) Grindlays Cash Fund - Growth Option Units of Rs. 10 each of Standard Chartered Mutual Fund	250.00		–
38,66,980.650 (-) Grindlays Super Saver Income Fund - Growth Option Units of Rs. 10 each of Standard Chartered Mutual Fund	500.38		–
17,72,218.718 (-) Prudential ICICI Liquid Fund - Growth Option Units of Rs. 10 each of Prudential ICICI Mutual Fund	250.81		–
17,59,105.763 (-) Templeton India Liquid Fund - Growth Option Units of Rs. 10 each of Franklin Templeton India Mutual Funds	250.26		–
21,18,329.055 (-) Zurich India Liquidity Fund - Growth Option Units of Rs. 10 each of Zurich India Mutual Fund	252.06		–
		1,803.95	–
Carried forward		21,070.75	19,746.42

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'F' – INVESTMENTS (at cost) (Contd.)			
Brought forward		21,070.75	19,746.42
In Subsidiary Companies			
In Fully Paid Equity Shares :			
Unquoted:			
28,61,20,000 Equity Shares of Rs. 10 each in Ambuja Cement India Limited	85,716.00		85,716.00
2,70,000 Ordinary Shares of US \$ 10 each in Cement Ambuja International Limited	964.71		964.71
5,04,13,840 Ordinary Shares of LKR 10 each in Ceylon Ambuja Cements (Private) Limited	2,953.97		2,953.97
1,59,89,950 Equity Shares of Rs. 10 each in GGL Hotel and Resort Company Limited	1,599.12		1,599.12
3,00,000 Equity Shares of Rs. 10 each in Indo-Nippon Special Cements Limited	30.00		30.00
38,55,600 Ordinary Shares of LKR 10 each in Midigama Cements (Private) Limited	234.06		234.06
5,000 Equity Shares of Rs. 100 each in GACL Finance Limited (Formerly known as Veer Narayan Trading and Investment Company Limited)	636.68		636.68
		92,134.54	92,134.54
		113,205.29	111,880.96

	Book Value as on		Market Value as on	
	30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs	30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs
Aggregate amount of Quoted Investments	18,719.86	19,148.97	9,721.01	9,124.72 (*)
Aggregate amount of Unquoted Investments	94,485.43	92,731.99		
	113,205.29	111,880.96		

* As Quotations are not available, Book Value has been considered as Market Value.

Note:

The Company has given an undertaking for non-disposal of the shares held in Ambuja Cement Rajasthan Limited and GGL Hotel and Resort Company Limited, a subsidiary company, in respect of financial assistance taken by these companies from financial institutions and a bank.

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'G' – INVENTORIES			
(At cost or net realisable value whichever is lower, unless otherwise stated)			
(As certified and valued by the Management)			
Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit - Rs. 320.11 lacs; 30.06.2001 - Rs. 328.47 lacs)		14,397.75	9,793.03
Stock-in-trade :			
Raw materials (including in transit - Rs. 21.95 Lacs; 30.06.2001 - Rs. 16.57 lacs)	943.30		855.65
Materials-in-process	2,558.85		3,576.16
Finished goods	2,928.41		1,902.31
		6,430.56	6,334.12
Construction Scrap, at estimated realisable value		9.01	2.20
Scrapped assets awaiting disposal, at estimated realisable value		–	13.37
		20,837.32	16,142.72

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'H' – SUNDRY DEBTORS (Unsecured)			
Over six months :			
Good (Refer Note 24 (a))		411.92	384.12
Doubtful	36.73		58.93
Less : Provision	36.73		58.93
		—	—
		411.92	384.12
Others, Good		3,489.53	2,959.71
		3,901.45	3,343.83
SCHEDULE 'I' – CASH AND BANK BALANCES			
Cash on hand		29.85	15.41
Cheques on hand with Banks as Collecting Agency in terms of an arrangement		1,248.66	168.16
Bank Balances :			
With Scheduled Banks :			
In Current Account	3,768.34		2,609.07
In Fixed Deposits [Deposit Receipts of Rs. 9.20 lacs (30.06.2001 - Rs. 26.43 lacs) deposited with Government Departments as Security Deposit and Rs. 15.40 lacs (30.06.2001 - Rs. 15.40 lacs) deposited with banks as security deposit for guarantees (including accrued interest Rs. 0.98 lac; (30.06.2001 - Rs. 1.09 lacs)]	25.58		42.92
	3,793.92		2,651.99
With Non-Scheduled Banks :			
In Fixed Deposit with Citizen Co-operative Bank Ltd. [Deposit receipt of Rs. Nil (30.06.2001 - Rs. 0.01 lac) deposited with Government department as Security Deposit (Including accrued interest Rs. Nil (30.06.2001 - Rs. 0.01 lac)]	—		0.02
With Post Office :			
In Time Deposit	—		25.00
		3,793.92	2,677.01
		5,072.43	2,860.58
SCHEDULE 'J' – OTHER CURRENT ASSETS			
Interest and Dividend Receivable on Investments		10.87	33.06
Other Interest receivable (Refer Note 25)		482.21	12.63
Sundry Receivables (including from subsidiary companies Rs. 2.13 lacs; 30.06.2001 - Rs. 200)		1,877.74	2,389.80
		2,370.82	2,435.49
SCHEDULE 'K' – LOANS AND ADVANCES			
(Good, unless otherwise stated)			
Secured :			
Loan to Ambuja Cement Eastern Ltd., a subsidiary company, to be secured against Fixed Assets, documents to be executed	1,738.42		1,902.42
Less : Unexpired Finance Charges	343.20		518.76
		1,395.22	1,383.66
Unsecured :			
To a subsidiary company (including interest accrued Rs. Nil; 30.06.2001 - Rs. 6.23 lacs)		125.00	256.23
Carried forward		1,520.22	1,639.89

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'K' – LOANS AND ADVANCES (Contd.)			
Brought forward		1,520.22	1,639.89
Other Loans :			
Ambuja Cement Rajasthan Limited (Refer Note 25)	18,650.00		–
Others	362.33		176.87
		19,012.33	176.87
Advances recoverable in cash or in kind or for value to be received (including from a subsidiary company Rs. 6.17 lacs; 30.06.2001 - Rs. 50.38 lacs)			
Good (Refer Note 24)	7,976.62		9,100.14
Doubtful	124.06		5.97
Less : Provision	124.06		5.97
	–		–
		7,976.62	9,100.14
Advances to a company promoted by the Company, against future issue of Equity Shares		–	49.50
Deposits [including National Savings Certificates and 5 1/2 Year Kisan Vikas Patra Rs. 0.60 lac, and Rs. 0.02 lac, respectively, deposited with Government Departments as Security (30.06.2001 - Rs. 0.62 lac and Rs. 0.02 lac respectively)]		1,511.45	1,685.44
Balance with Central Excise, Customs, Port Trusts, etc.		2,381.81	377.33
Tax paid in advance, net of provisions		1,664.77	2,248.80
		34,067.20	15,277.97

SCHEDULE 'L' – CURRENT LIABILITIES AND PROVISIONS**LIABILITIES**

Sundry Creditors :			
Due to Small Scale Industrial Undertakings (Refer note 23)	21.40		60.21
Others	11,226.65		16,732.03
		11,248.05	16,792.24
Unclaimed amount in respect of redeemed Non-Convertible Debentures	34.97		33.80
Unclaimed Dividends	1,189.89		214.34
Security Deposits	2,526.58		1,992.34
Interest accrued but not due on loans	3,821.82		3,027.13
		18,821.31	22,059.85

PROVISIONS

Provision for Leave Encashment	282.84		168.19
Provision for Wealth Tax, less Payments	43.50		37.50
Proposed Dividend	3,103.79		7,356.52
Provision for Corporate Dividend Tax	–		750.36
		3,430.13	8,312.57
		22,251.44	30,372.42

SCHEDULE 'M' – MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Project Development and Feasibility Report Expenses	395.07		338.67
Quarry Development Expenses	32.48		46.59
Other Expenditure	–		10.00
		427.55	395.26

	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 'N' – OTHER INCOME			
Insurance Claims		127.77	122.87
Dividend (Gross; Tax deducted Rs. 142/-; Previous year - Rs. Nil)			
From Investments in Subsidiary Companies	102.28		123.07
From Other Investments	844.06		71.85
		946.34	194.92
Miscellaneous Income		724.28	739.75
Surplus on Sale of Assets		47.22	32.66
Profit on Sale of Investments, Net (including profit on sale of investments in subsidiary Rs. Nil; Previous year-Rs. 121.20 lacs)		167.42	199.12
Sundry Credit Balances Appropriated		39.77	26.42
Provisions no longer required		105.46	151.00
		2,158.26	1,466.74

SCHEDULE 'O' – VARIATION IN STOCKS

CLOSING STOCKS			
Materials-in-process	2,558.85		3,576.16
Finished goods	2,928.41		1,902.31
		5,487.26	5,478.47
OPENING STOCKS			
Materials-in-process	3,576.16		2,642.82
Finished goods	1,902.31		1,757.91
		5,478.47	4,400.73
		8.79	1,077.74
LIMESTONE			
Closing Stock	309.02		346.80
Opening Stock	346.80		213.53
		(37.78)	133.27
		(28.99)	1,211.01
Less : TRIAL RUN STOCKS			
At the time of commencement of commercial production at Maratha Cement Works Unit (previous year Bathinda Unit)			
Materials-in-process	538.20		–
Finished goods	711.51		83.41
		1,249.71	83.41
Increase/(Decrease) in Stocks		(1,278.70)	1,127.60

SCHEDULE 'P' – MANUFACTURING EXPENSES

Raw Materials Consumed :			
Clinker Purchased	2,558.18		805.45
Others	5,168.87		4,644.70
		7,727.05	5,450.15
Freight and Handling Charges on Material transferred to other Units		4,170.89	4,019.07
Royalty and Cess		2,866.51	2,532.19
Stores and Spares Consumed		4,891.88	5,360.32
Packing Materials Consumed		6,108.37	5,660.09
Power and Fuel		32,399.20	29,670.48
Repairs and Maintenance :			
Buildings	427.25		382.38
Machinery	1,420.23		968.78
Others	251.57		241.12
		2,099.05	1,592.28
		60,262.95	54,284.58

	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 'Q' – ADMINISTRATIVE AND SELLING EXPENSES			
Employees' Remuneration and Benefits :			
Salaries, Wages, Bonus, Allowances, etc.	4,009.30		3,574.49
Contribution to Provident and other Funds	477.65		402.74
Welfare Expenses	499.42		476.72
	4,986.37		4,453.95
Less: Recovery from subsidiary and associate companies	144.38		131.31
Less: Expenses Capitalised	—		38.99
	4,841.99		4,283.65
Add : Employee compensation expenses under employee Stock Option Scheme ..	0.31		5.15
	4,842.30		4,288.80
Less: Employee compensation expenses reversed on account of surrender of options	—		468.55
		4,842.30	3,820.25
Rent		250.26	260.71
Rates and Taxes		38.60	56.37
Insurance		494.02	491.15
Advertisement and Publicity		1,971.19	1,559.93
Freight and Forwarding charges [including Rs. 2,248.97 lacs on Exports (Previous year-Rs. 1,946.37 lacs)]		16,750.41	15,189.17
Commission		911.38	827.87
Turnover Tax, Additional Tax and Purchase Tax		206.76	26.48
Exchange Rate Difference (net)		381.05	486.17
Miscellaneous Expenses		4,979.75	5,036.26
Directors' Fees and Expenses		7.78	9.50
Commission to Directors, including Managing Director and Wholetime Directors [Refer note 9]		342.52	210.14
Loss on Assets sold, scrapped or discarded and written off		459.96	435.80
Loss on Portfolio Investment		—	19.68
Donations		323.42	185.69
Bad Debts, Sundry Debit Balances and Claims written off		112.02	52.57
Provision for doubtful advances		120.09	2.00
Investment written off		100.00	—
Part of Deferred Revenue expenditure, written off		75.77	38.69
Expenses relating to Previous Years		55.83	33.91
Wealth Tax		30.00	27.00
		32,453.11	28,769.34

SCHEDULE 'R' – INTEREST AND FINANCE CHARGES, etc.

Interest : (Refer Note 27)			
On Debentures and Bonds (Net of surplus on Interest Swap Rs. 128.31 lacs; Previous year-Rs. Nil)	9,049.33		5,161.45
On Fixed Loans	1,089.24		7,630.28
Others	605.42		959.26
		10,743.99	13,750.99
Less : Interest Received : (Gross; Tax deducted Rs. 267.43 lacs; 30.06.2001-Rs. 103.46 lacs)			
On Government Securities	0.87		0.87
On Debentures and Bonds	0.12		175.92
Others	2,101.77		586.89
		2,102.76	763.68
Interest, (net)		8,641.23	12,987.31
Premium on prepayment of term loans amortized		331.93	197.04
		8,973.16	13,184.35
Finance Charges		690.84	224.09
		9,664.00	13,408.44

SCHEDULE 'S' – NOTES FORMING PART OF THE ACCOUNTS

1. Significant Accounting Policies :

(a) System of Accounting :

- (i) Financial statements are based on historical cost.
- (ii) The Company generally follows the mercantile system of accounting and recognises income and expenditure on an accrual basis, except in case of those with significant uncertainties.

(b) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition/installation. Fixed Assets are shown net of accumulated depreciation/amortization (except freehold land). Modvat/Cenvat Credit availed on fixed assets purchased is credited to the Capital Reserve Account. However, the same is netted off from the cost for computation of depreciation.
- (ii) Capital work in progress is stated at the amount expended upto the date of Balance Sheet.

(c) Depreciation and Amortization (other than on Freehold Land) :

- (i) Premium on leasehold land is amortized over the period of lease.
- (ii) Depreciation on all assets, except Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants, as defined in the said schedule, are identified as such based on a technical assessment, and depreciation is provided accordingly. Cost of fixed assets for the purpose of computation of depreciation is taken net of Modvat/Cenvat credits. Depreciation on additions to fixed assets is provided on a pro-rata basis from the month of acquisition or installation, and in the case of a new project the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said asset is sold, discarded, demolished or scrapped.
- (iii) Cost of Roads, though constructed by the Company, but ownership of which belongs to Government/Local Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
- (iv) Cost of Railway Siding, though constructed by the Company, but ownership of which belongs to Government/Railway Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
- (v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.
- (vi) Expenditure on Water Works, ownership of which belongs to Government/Local Authorities, is amortized over the period of right to use the facilities.
- (vii) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.
- (viii) Assets of small value and of non-durable nature are written off in the year of purchase.

(d) Expenditure during construction period :

Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are shown under "Capital Work in Progress", and the same are apportioned to fixed assets on commencement of commercial production.

(e) Investments :

Investments are valued at cost of acquisition. Temporary diminution in the value of investments meant to be held for a long period is not recognised.

(f) Inventories :

- (i) Coal, Fuel, Packing Materials and Stores & Spare Parts are valued at cost on FIFO basis or net realisable value, whichever is lower.
- (ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is arrived at on FIFO basis. Limestone, Marl and Shale raised in own mines are valued at cost.
- (iii) Materials-in-process are valued at cost or net realisable value, whichever is lower. (*)
- (iv) Finished Goods are valued at cost or net realisable value, whichever is lower, including excise duty. (*)
- (v) Trial Run Inventories are valued at cost or net realisable value, whichever is lower. (*)
- (vi) Goods in transit are stated at costs accrued upto the date of Balance Sheet.
- (*) Cost is arrived at on full absorption basis as per Accounting Standard AS 2 - "Valuation of Inventories".

(g) Inter Unit Transfers :

Inter-unit transfers of independently marketable products for further processing are included under the respective heads of account, at market value, to reflect the true working of the respective units. Any unrealised profit on unsold stock is eliminated while valuing the inventories.

(h) Foreign Currency Conversion :

Foreign Currency Loan and current liabilities outstanding at the close of the financial year are revalued at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets, if it relates to acquisition of assets, and is charged to Profit & Loss Account in other cases.

(i) Sales :

- (i) Export sales are accounted on the basis of dates of Bills of Lading.
- (ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is accounted in the year of export.

(j) Research & Development Expenditure :

Expenditure, both revenue and capital, incurred relating to "Research and Development" activities are accounted under the normal account heads of revenue expenses and fixed assets, as the case may be.

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

- (k) Retirement Benefits:
- Retirement benefit in the form of Provident Fund and Pension Schemes etc., whether in pursuance of any law or otherwise, is accounted on accrual basis and charged to Profit and Loss Account of the year.
 - Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of Life Insurance Corporation of India.
 - Contribution in respect of employees covered under Superannuation Scheme of the Company is made to an approved Superannuation Fund, which fully covers the same under policy of Life Insurance Corporation of India.
- (l) Leave Encashment :
Provision for accrued leave encashment is made on the basis of an actuarial valuation.
- (m) Miscellaneous Expenditure :
Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits.
- (n) Discount on Equity Shares, under the Employee Stock Option Scheme, is amortized in accordance with SEBI Guidelines.
- (o) Shares, Debentures and Bonds issue expenses and Premium on Redemption of Debentures:
- Expenses on issue of Shares, Debentures and Bonds for specific projects are capitalised to the cost of the assets.
 - Expenses on other issue of Shares, Debentures and Bonds are written off to Security Premium Account.
 - Premium on Redemption of Debentures is written off to Security Premium Account.
- (p) Discounting charges/premium on pre-payment of loans :
Discounting charges/premium on pre-payment of loans is deferred, over the period for which the liability of retired loans would, otherwise, have continued in terms of borrowing agreements relating thereto, commencing from the date of pre-payment of such loans.
- (q) Taxation :
Provision for current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared, i.e. July - June by applying the tax rates relevant to the immediately preceding 'previous year' i.e. April - March.
Deferred tax charge or credit on timing difference is recognised using current tax rates and tax laws that has been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets are recognised to the extent there is a virtual certainty that these assets can be realised in future.
Deferred tax assets/liabilities are reviewed at each Balance Sheet date.
- (r) Borrowing Costs :
Borrowing Costs in relation to acquisition and construction of assets are capitalised as part of the cost of such assets, upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.

	30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs
2. Contingent liabilities not provided for in respect of :		
(i) (a) Amount outstanding in respect of Guarantees given by the Company to third parties for loans given to following subsidiaries:		
GGL Hotel and Resort Co. Limited	556.52	689.18
Ambuja Cement Eastern Limited	2,800.00	2,800.00
(b) Amount outstanding in respect of Guarantees given by the Company to Banks for loans given to Ambuja Cement Rajasthan Limited	11,027.00	20,391.00
(ii) Amount outstanding in respect of Bank Guarantees given by the Banks on behalf of the Company for loans given to third parties by financial institutions and others	-	1,085.00
(iii) Amount outstanding in respect of Indemnities given by the Company to Banks for loans given to third parties, for Company's business	28.92	134.27
(iv) Claims against the Company not acknowledged as debts	3,200.93	2,260.86
(v) Tax matters :		
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal	2,636.61	1,689.77
(b) Disputed Sales-tax demands (including interest and penalty) - matters under appeal :		
(i) Matter decided in favour of the Company by the Honourable High Court of Himachal Pradesh, against which the Department has filed a Special Leave Petition in the Honourable Supreme Court;	3,434.95	3,434.95
(ii) Others	14.02	13.73
(c) Disputed Excise demands - matters under appeal	600.19	518.21
(d) Disputed Customs demands - matters under appeal	415.83	94.48
(e) Disputed liabilities relating to Road Tax, against which stay has been granted by the Honourable High Court of Himachal Pradesh	562.96	562.96
(vi) Disputed liabilities relating to Railway Freight on Coal and Cement - matter decided in favour of the Company by the Honourable High Court of Gujarat, against which the Railway Authorities have filed a Special Leave Petition in the Honourable Supreme Court which, in turn, has remanded the matter back to the Honourable High Court of Gujarat	695.77	695.77

SCHEDULE 'S' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs
(vii) Disputed liabilities relating to penal freight on excess weight of Coal - matter pending in the High Court	24.08	91.66
(viii) Disputed liabilities relating to Interest on Royalty (Coal) claimed by South Eastern Coalfields Ltd. - matter pending in the High Court	125.00	125.00
(ix) Disputed liabilities relating to interest on premium on coal claimed by South Eastern Coalfields Ltd. - matter pending in the High Court	329.45	329.45
(x) Disputed liability relating to Workmen Compensation for reinstatement and back wages - matter pending in the High Court	11.00	11.00
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	612.41	8,968.15
	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
4. Segment reporting :		
The Company has only one business segment 'Cement' as primary Segment.		
The secondary segment is geographical which is given as under:		
Revenue		
Sales		
Domestic (India)	143,410.22	134,363.72
Export	14,890.42	10,421.30
	158,300.64	144,785.02

All the Assets of the Company are within India.

5. Related Party Disclosures :

a) List of Related Parties and relationships

Party	Relation
A. Ambuja Cement India Ltd.	Subsidiary
Cement Ambuja International Ltd.	Subsidiary
Ceylon Ambuja Cements (Private) Ltd.	Subsidiary
GACL Finance Ltd.	Subsidiary
GGL Hotel and Resorts Company Ltd.	Subsidiary
Indo Nippon Special Cements Ltd.	Subsidiary
B. Ambuja Cement Eastern Ltd.	Sub-subsidiary i.e. Subsidiary of another Subsidiary
Ambuja Cement Orissa Ltd.	Sub-subsidiary i.e. Subsidiary of another Subsidiary
Midigama Cements (Private) Ltd.	Sub-subsidiary i.e. Subsidiary of another Subsidiary
C. Ambuja Cement Rajasthan Ltd.	Associate
Bengal Ambuja Housing Development Ltd.	Joint Venture
Bengal Ambuja Metro Development Ltd.	Joint Venture
D. Key Management Personnel	
Mr. N. S. Sekhsaria	Managing Director
Mr. P. N. Sekhsaria	Whole - time Director
Mr. A. L. Kapur	Whole - time Director
Mr. P. B. Kulkarni	Whole - time Director
Mr. A. V. Rao	Whole - time Director
Mr. A. C. Singhvi	Whole - time Director
Mr. B. L. Taparia	Whole - time Director and Company Secretary
E. Relatives of Key Management Personnel	
Mrs. Padmini Somani	Daughter of Mr. N. S. Sekhsaria
Mr. Ajay Kapur	Son of Mr. A. L. Kapur
Mr. Milind Kulkarni	Son of Mr. P. B. Kulkarni
Mr. Anand Kulkarni	Son of Mr. P. B. Kulkarni
Ms. Sushma Taparia	Daughter of Mr. B. L. Taparia
Mr. Ghanshyam Taparia	Brother of Mr. B. L. Taparia
Mrs. Sampat Bajaj	Sister of Mr. B. L. Taparia
Mrs. Tulsidevi Taparia	Mother of Mr. B. L. Taparia
F. Enterprises over which significant influence exercised by Directors	
Quality Mechanical Engg Pvt. Ltd.	Company owned by Mr. P. B. Kulkarni - Whole - time Director
Sakambari Holdings Pvt. Ltd.	Company owned by Mr. A. L. Kapur - Whole - time Director

SCHEDULE 'S' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

b) Disclosures required for related parties transactions

Rs. in lacs.								
Transactions	Subsidiaries	Sub-Subsidiaries	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Key Mgmt. Pers.	Total
I Transactions during the year								
Purchase of Goods	–	370.55	2,099.97	–	–	–	–	2,470.52
Sale of Goods - Cement	3,933.64	–	–	–	–	–	–	3,933.64
Sale of Goods - Others	–	22.75	–	–	–	–	–	22.75
Purchase of Fixed Assets	–	7.72	–	–	–	–	–	7.72
Sale of Fixed Assets	–	0.77	–	–	–	–	–	0.77
Rendering of Services	16.44	14.76	70.16	–	–	–	–	101.37
Receiving of Services	–	8.75	14.20	–	–	–	–	22.95
Interest received	16.75	175.55	1,302.82	–	–	–	–	1,495.12
Interest paid	153.45	–	–	–	–	0.51	–	153.97
Redemption of Debentures/Bonds	–	–	–	–	–	0.80	–	0.80
Loans given	–	–	18,650.00	–	–	–	–	18,650.00
Loans given repaid	125.00	–	–	–	–	–	–	125.00
Rent Recovered	–	–	13.94	–	–	–	–	13.94
Rent Paid	–	–	–	1.80	–	0.12	17.42	19.34
Remuneration	–	–	–	–	568.68	10.32	–	578.99
Despatch money paid on exports (net of recovery)	5.40	–	–	–	–	–	–	5.40
Management contracts including for deputation of employees - received	–	13.37	4.32	–	–	–	–	17.69
Management contracts including for deputation of employees - paid	–	4.14	–	–	–	–	–	4.14
Equity contributions during the year	–	–	–	49.50	–	–	–	49.50
Dividends received	102.28	–	–	37.13	–	–	–	139.40
Other recoveries	–	–	23.02	–	–	–	–	23.02
Others	2.52	1.23	–	0.24	–	–	–	3.99
II Amounts Outstanding at Balance Sheet date								
Loans taken Outstanding	625.56	–	–	–	–	–	–	625.56
Loans given Outstanding	125.00	1,395.21	18,650.00	–	–	–	–	20,170.21
Amounts receivable	8.31	–	–	–	–	–	–	8.31
Deposits outstanding (Rent)	–	–	–	–	–	4.50	53.68	58.18
Guarantees and collaterals outstanding	556.52	2,800.00	11,027.00	–	–	–	–	14,383.52

Notes :

1. Related Party relationship is as identified by the Company on the basis of information available with them and accepted by the Auditors as correct.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
6. Earning per Share (EPS) :		
(i) Profit attributable to Equity Shareholders for Basic EPS	17,893.38	18,924.94
Adjustments for the purpose of Diluted EPS :		
Interest on Foreign Currency Convertible Bonds	392.14	181.07
Less : Tax on above	144.11	64.64
	<u>248.03</u>	<u>116.43</u>
(ii) Profit attributable to Equity Shareholders for Diluted EPS	18,141.41	19,041.37
	Nos.	Nos.
(iii) Weighted average number of shares for Basic EPS	155,063,103	147,130,345
Add : Potential equity shares on conversion of Foreign Currency Convertible Bonds	20,654,400	8,606,000
Add : Potential equity shares on exercise of options of ESOS	3,241	3,269
Add : Potential equity shares on exercise of Rights & Warrants kept in abeyance out of the Rights Issue in 1992	36,718	36,985
Weighted average number of shares for Diluted EPS	<u>175,757,462</u>	<u>155,776,599</u>
	Rs.	Rs.
(iv) Nominal Value of Shares	10.00	10.00
(v) Earning Per Share :		
Basic	11.54	12.86
Diluted	10.32	12.22
7. During the year, the Company has accounted for Deferred Tax in accordance with Accounting Standard 22 (AS 22) - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Consequently, the Company has recognised in these financial statements the deferred tax liabilities/assets accumulated as on 1st July, 2001, and charged the net deferred tax liability of Rs.19,444.62 lacs to General Reserve as on 1st July, 2001 and net incremental deferred tax liability of Rs. 2,831.96 lacs, for the year, has been charged to the Profit and Loss Account.		
	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
The year-end position is as follows :		
Deferred Tax Liabilities on account of :		
Depreciation	22,420.83	
Deferred Revenue Expenditure	133.44	
Total	<u>22,554.27</u>	
Deferred Tax Assets on account of :		
Expenditure allowable on actual payment	115.99	
Unencashed Leave	85.10	
Others	76.60	
Total	<u>277.69</u>	
Net Deferred Tax Liabilities / (Assets) :	<u>22,276.58</u>	
8. Payment to Auditors :		
(a) Statutory Auditors		
(i) As Auditors (including Service Tax)	26.25	22.05
(ii) In other capacity		
– Certification Work	8.49	17.83
(iii) For Expenses	4.14	4.75
	<u>38.88</u>	<u>44.63</u>
(b) Cost Auditors		
(i) As Auditors (including Service Tax)	1.47	1.31
(ii) In other capacity		
– Certification Work	–	0.02
(iii) For Expenses	0.13	0.19
	<u>1.60</u>	<u>1.52</u>

SCHEDULE 'S' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	Rs. in lacs	2001-2002 Rs. in lacs	
9. (A) Managerial Remuneration :			
(i) Computation of Managing Director's, Whole-time Directors' and Directors' Commission :			
Profit as per Profit and Loss Account		18,652.14	
Add : Managing Director's Remuneration (including perquisites)	246.14		
Whole-time Directors' Remuneration (including perquisites)	322.54		
Directors' Commission	25.00		
Depreciation	13,781.52		
Cost of Investment written off	100.00		
Provision for Wealth Tax	30.00		
Provision for Current Tax	1,650.00		
Provision for Deferred Tax	2,831.96		
		<u>18,987.16</u>	
		37,639.30	
Less : Depreciation under Section 350 of the Companies Act, 1956.	13,781.52		
Profit on sale of Investments, net	167.42		
		<u>13,948.94</u>	
Profit on which Commission is payable		23,690.36	
Eligible Remuneration to the Managing and Whole-time Directors in terms of Section 309 of the Companies Act, 1956, 10% on Rs. 23690.36 lacs		2,369.04	
Less : Remuneration to the Managing and Whole-time Directors (excluding commission)		251.16	
Balance available for payment of Commission		<u>2,117.88</u>	
(ii) Commission :			
a) Eligible Remuneration to the Managing Director in terms of Section 309 of the Companies Act, 1956, 5% on Rs. 23690.36 lacs		1,184.52	
Less : Remuneration paid to the Managing Director (excluding commission)		59.62	
Balance available for payment of Commission to the Managing Director		<u>1,124.90</u>	
Commission to be paid as determined by Board of Directors		186.52	
b) Eligible Remuneration to Whole-time Directors in terms of Section 309 of the Companies Act, 1956, 5% on Rs. 23690.36 lacs		1,184.52	
Less : Remuneration paid to Whole-time Directors (excluding commission)		191.54	
Balance available for payment of Commission to Whole-time Directors		<u>992.98</u>	
Commission to be paid to Whole-time Directors as decided by the Compensation and Remuneration committee of Directors		131.00	
c) Commission to other Directors :			
Eligible Commission to other Directors in terms of Section 309 of the Companies Act, 1956, 1% on Rs. 23690.36 lacs		236.90	
Maximum as determined by the Board of Directors		<u>25.00</u>	
		<u>2001-2002</u>	2000-2001
		Rs. in lacs	Rs. in lacs
(B) The Profit & Loss Account includes payments to and provisions for remuneration payable to the Managing Director and Whole-time Directors as under :			
Salaries & Allowances	171.40		129.35
Commission to the Managing Director & Whole-time Directors	317.52		*185.14
Contribution to Provident & Other Funds	42.19		32.82
Perquisites (including estimated monetary value Rs. 30.29 lacs; Previous Year-Rs. 29.80 lacs)	67.86		37.80
	<u>598.97</u>		<u>385.11</u>

* To Managing Director only.

SCHEDULE 'S' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	2001-2002		2000-2001	
	MT	Rs. in lacs	MT	Rs. in lacs
10. Licensed & Installed Capacity, Production, Stocks and Turnover :				
Class of Goods - Cement				
(i) Licensed Capacity (see Note "a")	700,000		700,000	
(ii) Installed Capacity (see Note "b")	9,000,000		7,000,000	
(iii) Production (excluding Trial Run Production of 437,023 MT, Previous Year 25,658 MT)	7,205,966		6,096,147	
(iv) Stocks :				
Opening	128,506	1,902.31	118,255	1,757.91
Closing	192,811	2,928.41	128,506	1,902.31
(v) Turnover (see Note "c" & "d")				
Cement (including Trial Run stock 46,371 MT, Previous Year 4,145 MT)	7,184,036	158,263.09	6,081,332	144,403.65
Clinker	—	—	26,406	328.66
		<u>158,263.09</u>		<u>144,732.31</u>
(vi) Shortages, Samples and Handling Loss, etc.	3,996		8,709	

Notes:

- (a) The Company's product is exempt from Licensing requirements under New Industrial Policy in terms of Notification no. S.O.477(E) dated 25th July, 1991.
- (b) As certified by the management and, being a technical matter, accepted by the Auditors as correct.
- (c) Includes Self Consumption of 5,866 MT (excluding 4,867 MT out of Trial Run Production) for Capital and Revenue jobs (Previous Year 10,754 MT).
- (d) Includes 3,508 MT sunk in mid sea, value recovered as per Chartered Overseas Agreement (COA) with Chartering party (Previous Year Nil).

	2001-2002		2000-2001	
	MT	Rs. in lacs	MT	Rs. in lacs
11. Raw Materials consumed -Indigenous :				
(i) Limestone and clay				
Raised by the Company	8,768,629		7,741,550	
Purchased	71,047	66.55	129,635	111.47
Transportation and Handling Charges	—	1,404.85	—	1,074.68
(ii) Gypsum	365,112	2,023.88	306,581	1,632.58
(iii) Laterite	33,003	71.11	41,913	84.19
(iv) Silica	126,978	299.04	95,116	210.90
(v) Iron ore	47,075	336.69	58,880	580.55
(vi) Clinker - Purchased	149,164	2,558.18	45,357	805.45
(vii) Others		966.75		950.33
		<u>7,727.05</u>		<u>5,450.15</u>
	Rs. in lacs	Percentage	Rs. in lacs	Percentage
12. Imported & Indigenous Spares Consumed :				
(i) Imported	997.72	31.66	1,681.47	47.85
(ii) Indigenous	2,153.52	68.34	1,832.65	52.15
	<u>3,151.24</u>	<u>100.00</u>	<u>3,514.12</u>	<u>100.00</u>

SCHEDULE 'S' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
13. CIF Value of imports :		
(i) Capital Goods	768.30	3,882.92
(ii) Spares	2,351.37	1,106.01
14. Expenditure in Foreign currency :		
(i) Technical fees (Net of tax)(Capitalised Rs. 292.53 lacs; Previous Year - Rs. 64.99 lacs)	347.05	68.28
(ii) Interest (Capitalised Rs. 142.41 lacs; Previous Year - Rs. 16.45 lacs)	1,658.53	1,853.90
(iii) Travelling Expenses	64.55	80.14
(iv) Ship Charter Hire, Port Dues, etc.	2,092.45	2,689.92
(v) Consultancy Charges	2.99	1.22
(vi) Other matters (Capitalised Rs. 251.07 lacs; Previous Year - Rs. 233.78 lacs)	831.49	321.69
15. Remittances in Foreign Currency :		
On account of dividend to non-resident shareholders		
Final Dividend		
No. of shareholders	152	163
No. of Equity Shares	244,056	259,756
Amount remitted, net of tax (Rs. in lacs)	12.20	3.90
Year to which it pertains	2000-2001	1999-2000
16. Earnings in Foreign Exchange :		
(i) F.O.B. Value of Exports	13,055.39	8,767.86
(ii) Dividend	102.28	123.07
(iii) Other Income	130.64	115.21
17. Total Exports during the year :		
Exports in foreign currency (including freight Rs. 1,835.03 lacs; Previous Year - Rs. 1,653.44 lacs)	14,890.42	10,421.30
18. (a) Change in Method of Accounting :		
Provision for income tax, which was hitherto accounted for based on the taxable income as computed with reference to the "Previous Year" as defined under the Income-tax Act, 1961 i.e. April to March, has, for the year, been accounted for by computing taxable income with reference to the "Accounting Year" i.e. July to June.		
Consequent upon the change :		
(i) Provision for current tax computed considering the period July, 2001 to June, 2002 is lower by Rs. 350.00 lacs than that computed considering the period April, 2001 to March, 2002.		
(ii) The charge of Deferred Tax (computed on the same basis as in (a) above) to the Profit and Loss Account is higher by Rs. 145.42 lacs.		
(iii) There is a prior period charge of Rs. 725.00 lacs representing provision for current tax for the period April, 2001 to June, 2001.		
(iv) Deferred tax liability (net) as at 1st July, 2001, adjusted against General Reserve is higher by Rs. 370.48 lacs.		
(v) Net Assets and reserves as at the year end are lower by Rs. 890.90 lacs.		
(b) In the absence of taxable income for the period July 1, 2001 to June 30, 2002, provision has been made for Minimum Alternative Tax in accordance with the provisions of Section 115JB of the Income-tax Act, 1961.		
19. The Company has issued 1% Foreign Currency Convertible Bonds (known as Rating Enhanced Equity Linked Securities) aggregating to US \$ 99.3 Million at par. The Bonds are redeemable on 30th January, 2006 at a redemption premium so as to give the bondholders a yield to a maturity of 4.6% per annum. These bonds are convertible into GDRs/Shares at the conversion price of Rs. 222.336 per share at the option of the bondholders at any time during the maturity period. If all the bonds are converted into GDRs/Shares, then the share capital of the Company will increase by 2,06,54,400 Equity Shares. The Company has an option to redeem these bonds, in whole, at anytime on or after 31st January, 2004 at its early accreted redemption amount plus accrued interest, provided the share price at the time of exercise of option by the Company is atleast equivalent to the accreted value of the bond.		
20. Options :		
(a) Employee Stock Option Schemes :		
The Company has granted 19,16,450 (30.06.2001 - 12,05,350) Stock Options to its employees (including certain employees of the subsidiary companies) and Whole-time Directors (other than those excluded under the SEBI guidelines on Stock Options). Out of the above Stock Options, 2,71,350 (30.06.2001 - 2,40,700) have been surrendered/lapsed and 55,500 (30.06.2001 - 200) have been exercised. 15,89,600 (30.06.2001 - 9,64,450) Stock Options are outstanding as on 30th June, 2002, which if fully exercised will result in issue of 15,91,950 (30.06.2001 - 9,66,800) Equity Shares.		
(b) The Company has, during the year, allotted 80,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 215/- per share and 80,00,000 warrants (options) convertible into one Equity Share of the face value of Rs. 10/- each on payment of an aggregate price of Rs. 225/- per share (including premium of Rs. 215/- per share) to Affinity Investments Limited, an associate of Warburg Pincus on preferential allotment basis.		
A sum of Rs. 1,800.00 lacs has been received on issuance of warrants (options). The balance amount will be received if and when options are exercised.		

SCHEDULE 'S' – NOTES FORMING PART OF THE ACCOUNTS (Contd.)

21. Customs duty payable on goods lying in Custom's Notified Area will, as per the Company's practice, be charged to the Profit and Loss Account in the year of clearance. Such liability as on 30th June, 2002 is estimated at Rs. 704.57 lacs (Previous Year - Rs. Nil). This accounting treatment has, however, no impact on profit for the year.
22. In the year 1998, a ship carrying furnace oil imported by the Company, valued at Rs. 140.00 lacs got damaged due to cyclone, as a result of which the furnace oil was lost in transit. The Company has lodged a claim with the insurance company and has, also, initiated legal action for recovery of the said claim. The said amount is included under the head 'Advances recoverable in cash or in kind or for value to be received'. Necessary adjustments, if any, in the Accounts will be done in the year of settlement of the said claim by the Court.
23. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993". Unpaid amount due as on 30th June, 2002, to Small Scale and/or Ancillary Industrial (SSI) suppliers on account of principal amount together with interest, aggregate to Rs. 5.17 lacs (Previous Year - Rs.0.08 lac) (Since paid).
- The names of the Small Scale parties in respect of whom amounts are outstanding for more than 30 days are as under:
- | | |
|------------------------------|--|
| Anuradha Printers | Maharashtra Engineering Works |
| Ballarpur Engineering Works | Ravasco Transmission & Packing P. Ltd. |
| Ganesh Coolers & Fabrication | Renuka Graphics |
| Hansraj Dana Patel | Vineengineer Enterprises |
24. (a) 'Sundry Debtors outstanding for more than six months' and 'Advances recoverable in cash or in kind or for value to be received' include Rs.103.89 lacs and Rs.111.11 lacs respectively (Previous Year - Rs.108.87 lacs and Rs.73.40 lacs respectively), for which legal action has been taken for recovery. However, the same are classified as good for recovery.
- (b) 'Advances recoverable in cash or kind or for value to be received' also includes an amount of Rs. 3,611.19 lacs (Previous Year - Rs. 3,611.19 lacs) receivable from Government of Himachal Pradesh towards Power Subsidy in form of Power Tariff Freeze (PTF) Rs. 2,786.54 lacs and Peak Load Exemption Charges (PLEC) Rs. 824.65 lacs, for which the Company has filed a writ petition in the Honourable High Court of Himachal Pradesh, claiming the said amount together with interest for the delayed period. While the Government of Himachal Pradesh has refuted the Company's claim in respect of PLEC, it has disputed the basis of determining the claim in respect of PTF. The Court, in its interim order, has directed the Government of Himachal Pradesh to calculate the amount in respect of PTF, which according to them is reimbursable to the Company and provide the schedule of reimbursement. Pending final disposal of the writ petition, the Company has considered the entire amount as good and recoverable.
25. Ambuja Cement Rajasthan Limited (ACRL), an associate Company in which the Company has invested Rs. 16,150.92 lacs in Equity Shares as strategic investment and has also given a loan of Rs.19,111.14 lacs (including interest accrued but not due Rs. 461.14 lacs), has, during the year, become a sick Company and has been registered with the Board of Industrial and Financial Reconstruction (BIFR). The Board of Directors in its meeting held on 15th July, 2002 has approved the amalgamation of ACRL with the Company, subject to the approval of shareholders and BIFR. Necessary adjustments pursuant to the proposed amalgamation will be done on the same becoming effective on getting the approval of BIFR.
26. Borrowings by way of issue of Commercial Paper :
Amount outstanding at the close of the year : Nil
Maximum during the year : Rs. 6,500.00 lacs.
27. Borrowing Cost is net of capitalisation Rs. 4,983.93 lacs (Previous Year - Rs.5,365.24 lacs).
28. Capital Work in Progress includes (a) Machinery in transit Rs. 14.98 lacs (30.06.2001 - Rs.1,708.00 lacs); (b) expenditure during construction for project Rs. 423.84 lacs (30.06.2001 - Rs. 6,131.98 lacs) and (c) expenditure on Tuticorin Project is Rs. 402.19 lacs (30.06.2001 - Rs. 402.19 lacs).
29. Figures less than Rs. 500/- have been shown at actuals, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest thousand.
30. Figures of the previous year have been regrouped wherever necessary.

Signatures to Schedules 'A' to 'S'			
For and on behalf of DALAL & SHAH Chartered Accountants	For and on behalf of N. M. RAJJI & CO. Chartered Accountants	For and on behalf of the Board	
Y. C. Amin Partner	A. R. Gandhi Partner	N. S. Sekhsaria Managing Director	Suresh Neotia Chairman
		B. L. Taparia Whole-time Director & Company Secretary	Vinod Neotia M. L. Bhakta M. T. Patel Nimesh Kampani Rajendra P. Chitale Nasser Munjee Harshavardhan Neotia Directors
			A. L. Kapur P. B. Kulkarni A. V. Rao Pulkit Sekhsaria Anil Singhvi Whole-time Directors
Mumbai, 2nd August, 2002			

CASH FLOW STATEMENT
for the year ended 30th June, 2002
(Pursuant to the Listing Agreement with Stock Exchanges)

	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
A) CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES		23,134.10	20,059.73
Adjustment for :			
Depreciation & Amortization	13,781.52		12,929.73
Surplus on sale of assets	(47.22)		(32.66)
Loss on assets discarded/sold	459.96		435.80
Investments written off	100.00		—
Part of deferred revenue expenditure, written off	75.77		38.69
Exchange rate difference	381.05		486.17
Profit on sale of investments	(167.42)		(199.12)
Interest and Finance Charges	9,664.00		13,408.44
Dividend	(946.34)		(194.92)
Provision for doubtful advances	120.09		2.00
Leave encashment for earlier years	—		(126.42)
Wealth tax provision for earlier years written back	4.29		—
Employee compensation expenses under ESOS	0.29		(464.27)
		23,425.99	26,283.44
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		46,560.09	46,343.17
Adjustment for :			
Trade and other receivables	(19,886.46)		(2,853.80)
Inventories	(4,694.60)		(1,389.20)
Trade Payables	163.97		(1,171.07)
Miscellaneous Expenditure	(108.06)		(30.13)
		(24,525.15)	(5,444.20)
CASH GENERATED FROM OPERATIONS		22,034.94	40,898.97
Interest and Finance Charges paid	(10,972.07)		(12,073.14)
Direct Taxes paid	(1,419.00)		(53.00)
Exchange rate difference	(48.75)		(48.64)
		(12,439.82)	(12,174.78)
NET CASH FROM OPERATING ACTIVITIES		9,595.12	28,724.19
B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(27,631.90)		(47,672.21)
Sale of Fixed Assets	406.56		186.30
Investments (Purchases), Loans & Advances	(1,871.87)		(16,222.65)
Sale of Investments	596.54		1,740.00
Interest received	1,655.37		930.43
Dividend and Income from Units received	946.34		196.84
NET CASH USED IN INVESTING ACTIVITIES		(25,898.96)	(60,841.29)
Carried forward		(16,303.84)	(32,117.10)

	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
CASH FLOW STATEMENT (Contd.)			
Brought forward		(16,303.84)	(32,117.10)
C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Share Capital including Share premium	18,129.50		(9,989.92)
Advance against subscription of shares	1,800.00		-
Premium on redemption of Debentures and Shares Issue expenses	(90.13)		(2,178.65)
Total proceeds from borrowings (Net of Repayments)	12,010.23		276.51
Proceeds from issue of 1% R.E.E.L.S.	-		46,137.26
Subsidy received	5.00		-
Dividend paid	(13,338.91)		(3,209.78)
NET CASH FROM FINANCING ACTIVITIES		18,515.69	31,035.42
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,211.85	(1,081.68)
CASH AND CASH EQUIVALENTS AS AT 01.07.2001 (Opening Balance)		2,860.58	3,942.26
CASH AND CASH EQUIVALENTS AS AT 30.06.2002 (Closing Balance)		5,072.43	2,860.58

For and on behalf of the Board			
N. S. Sekhsaria Managing Director	Suresh Neotia	Chairman	Directors
	Vinod Neotia		
	M. L. Bhakta		
	M. T. Patel		
	Nimesh Kampani		
	Rajendra P. Chitale		
	Nasser Munjee		
B. L. Taparia Whole-time Director & Company Secretary	Harshavardhan Neotia	Whole-time Directors	
	A. L. Kapur		
	P. B. Kulkarni		
	A. V. Rao		
	Pulkit Sekhsaria		
	Anil Singhvi		

Mumbai, 2nd August, 2002

Mumbai, 2nd August, 2002

AUDITORS' CERTIFICATE

To,
The Board of Directors,
Gujarat Ambuja Cements Ltd.,
Mumbai.

We have examined the attached Cash Flow Statement of Gujarat Ambuja Cements Ltd. for the year ended 30th June, 2002. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our Report of 2nd August, 2002 to the members of the Company and reallocation required for the purpose are as made by the Company.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner
Mumbai,
2nd August, 2002

For and on behalf of
N. M. RAJJI & CO.
Chartered Accountants

A. R. Gandhi
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration No.	4717	State Code	04
Balance Sheet Date	30.6.2002		
II. Capital Raised during the Year (Amount in Rs. Thousands)			
Public Issue	—	Rights Issue	—
Bonus Issue	—	Private Placement	80,000
Conversion of Foreign Currency Convertible Bonds	—	Preference Share Issue	—
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Total Liabilities	36,285,694	Total Assets	36,285,694
Sources of Funds			
Paid-up Capital	1,551,679	Reserves & Surplus	14,493,242
Share Application money	562		
Employee Stock Option Outstanding	1,018		
Secured Loans	11,911,521	Unsecured Loans	5,920,014
Deferred Tax Liabilities	2,227,658	Other Liabilities	180,000
Application of Funds			
Net Fixed Assets	20,522,632	Investments	11,320,529
Net Current Assets	4,399,778	Misc. Expenditure	42,755
Accumulated Losses	—		
IV. Performance of Company (Amount in Rs. Thousands)			
Turnover	15,830,064	Total Expenditure	13,604,610
Profit before Tax	2,313,410	Profit after Tax	1,865,214
Earning per Share in Rs.	11.54	Dividend Rate % (Equity Shares)	60.00%
V. Generic Name of Principal Product of the Company			
Item Code No. (ITC Code)	252329.01		
Product Description	Other Grey Portland Cement		

For and on behalf of the Board

	Suresh Neotia	Chairman
	Vinod Neotia	} Directors
	M. L. Bhakta	
	M. T. Patel	
	Nimesh Kampani	
	Rajendra P. Chitale	
N. S. Sekhsaria	Nasser Munjee	} Whole-time Directors
Managing Director	Harshavardhan Neotia	
	A. L. Kapur	
	P. B. Kulkarni	
B. L. Toparia	A. V. Rao	
Whole-time Director & Company Secretary	Pulkit Sekhsaria	
	Anil Singhvi	

Mumbai, 2nd August, 2002

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(3) AND 212(5) OF THE COMPANIES ACT, 1956

Name of the Subsidiary	Financial Year of the Subsidiary Company ended on	Holding Company's interest		The Net aggregate amount of subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts		The Net aggregate amount of the Profit/Losses of Subsidiary which has been dealt with in the accounts of the Holding Company	
		No. of Equity Shares	Percentage of Holding	For the Current Financial year	For the previous Financial year since it became Subsidiary	For the Current Financial year	For the previous Financial year since it became Subsidiary
Ambuja Cement Eastern Limited **	30th June, 2002	18,10,57,827 Equity Shares of Rs. 10 each	56.45%	Rs. 667.89 lacs	Rs. (-) 4438.30 lacs	Not applicable	Not applicable
Ambuja Cement India Limited	30th June, 2002	28,61,20,000 Equity Shares of Rs. 10 each	60.00%	Rs. 386.68 lacs	Rs. (-) 676.40 lacs	Not applicable	Not applicable
Ambuja Cement Orissa Limited ** [Formerly known as DLF Orissa Limited]	31st March, 2002	152 Equity Shares of Rs. 10 each	60.00%	Not applicable	Not applicable	Not applicable	Not applicable
Cement Ambuja International Limited	30th June, 2002	2,70,000 Ordinary shares of USD 10 each	100.00%	USD 3.61 lacs	USD 4.68 lacs	Nil	USD 12.96 lacs
Ceylon Ambuja Cement (Private) Limited	31st March, 2002	5,04,13,840 Ordinary Shares of LKR 10 each	100.00%	LKR (-) 499.89 lacs	LKR (-) 1473.20 lacs	Nil	Nil
GACL Finance Limited [Formerly known as Veer Narayan Trading & Investments Co. Limited]	31st March, 2002	5,000 Equity Shares of Rs. 100 each	100.00%	Rs. 4.15 lacs	Rs. (-) 41.38 lacs	Nil	Nil
GGL Hotel and Resort Company Limited	31st March, 2002	1,59,89,950 Equity Shares of Rs. 10 each	79.95%	Rs. (-) 212.51 lacs	Rs. (-) 457.31 lacs	Nil	Nil
Indo-Nippon Special Cements Limited	30th June, 2002	3,00,000 Equity Shares of Rs. 10 each	100.00%	Rs. 0.66 lac	Rs. 22.57 lacs	Nil	Nil
Midigama Cements (Private) Limited *	31st March, 2002	38,55,600 Ordinary Shares of LKR 10 each	99.99%	LKR (-) 12.93 lacs	LKR (-) 103.41 lacs	Nil	Nil
Swabhumi Hotels Limited ***	31st March, 2002	50,000 Equity Shares of Rs. 10 each	79.95%	Not applicable	Not applicable	Not applicable	Not applicable

Notes :

* Out of 82,30,602 Ordinary Shares 43,75,000 Ordinary shares are owned by Cement Ambuja International Limited

** A subsidiary Company of Ambuja Cement India Limited

*** A subsidiary Company of GGL Hotel And Resort Company Limited w.e.f. 19th October, 2001

For and on behalf of the Board

N. S. Sekhsaria Managing Director	Suresh Neotia	Chairman
	Vinod Neotia	
	M. L. Bhakta	Directors
	M. T. Patel	
	Nimesh Kampani	
B. L. Taparia Whole-time Director & Company Secretary	Rajendra P. Chitale	
	Nasser Munjee	
	Harshavardhan Neotia	
	A. L. Kapur	Whole-time Directors
	P. B. Kulkarni	
	A. V. Rao	
	Pulkit Sekhsaria	
	Anil Singhvi	

Mumbai, 2nd August, 2002

DIRECTORS' REPORT

TO THE MEMBERS,

We are pleased to present our third financial results for the Corporate Financial year ended on 30th June, 2002.

FINANCIAL PERFORMANCE

	Current Year (Rs. in crores)	Previous Year (Rs. in crores)
Profit before Interest, Depreciation	6.56	4.12
Interest	-	-
Depreciation	0.01	0.01
Profit before Taxation	6.55	4.11
Provision for Income Tax	0.11	0.20
Profit after Tax	6.44	3.91
Add :		
Excess Provision Written Back	-	0.15
Balance of Profit	6.44	4.06
Balance brought forward from previous year	(11.27)	(15.33)
Balance carried forward to the next year's account	(4.83)	(11.27)

DIVIDEND

In view of carried forward losses, your Directors do not recommend any dividend for the Financial year ended June 30, 2002.

INVESTMENTS IN CEMENT BUSINESS

1. The Associated Cement Companies Limited (ACC)

During the year, your company has earned higher dividend from ACC amounting to Rs. 4.93 crores

as against Rs. 1.95 crores in the previous year. Your Company holds 2,46,70,000 shares of ACC at an aggregate cost of Rs. 928.19 crores as on 30th June, 2002.

The Company has performed well during the year. It's Profit Before Tax has gone up to Rs. 200 crores for the year ended 31st March, 2002 as compared to Rs. 94 crores in the previous year. It's capacity as on 31st March, 2002 was 16.1 million tons.

2. Ambuja Cement Eastern Limited (ACEL)

Your Company holds 94.08% share capital of ACEL at an aggregate cost of Rs. 449.65 crores as on 30th June, 2002.

During the year, ACEL has produced 14.37 lac tons of cement as against 13.99 lac tons last year. The company sold 14.66 lac tons of cement as compared to 14.03 lac tons in the previous year. The Operating profit of the Company is Rs. 55.47 crores as against Rs. 37.06 crores in the previous year. The net profit of ACEL during the year is substantially higher by 72% at Rs. 11.83 crores as against Rs. 6.89 crores in the previous year. The better performance is on account of improved cement prices in the eastern market coupled with reduction in the production cost. This profit is after charging higher depreciation of Rs. 27 crores and interest of Rs. 22.5 crores as compared to Rs. 18.7 crores and Rs. 11.5 crores respectively in the previous year. The interest and depreciation are higher on account of commissioning of the Grinding unit at Sankrail, West Bengal.

3. New Cement Plant at Andhra Pradesh

The Company is awaiting permissions from State Government of Andhra Pradesh for setting up Captive Power plant for the cement plant. Apart from Captive power plant approval, there are

some more permissions awaited from the State Government of Andhra Pradesh.

FUTURE OUTLOOK

The cement consumption during the year 2001-2002 has grown at a very healthy rate of 10% with the despatches for the first time in the Indian Cement Industry touching over 100 million tons.

The cement consumption would continue to be very encouraging and we expect the domestic cement consumption to grow at a CAGR of around 8% over the next couple of years. The prime driver of cement consumption continues to be housing. The proactive steps taken by the government to boost investments in housing and infrastructure coupled with no new capacity expected to come on stream, we expect cement demand supply to be equipoised.

ACC and ACEL wherein your company has invested, have continued showing good performances in the current year and going forward, we expect both the companies to grow and consolidate their positions in the Indian Cement Industry.

EMPLOYEES

The Company had no employees getting salary in excess of the limits specified in Section 217 (2A) of the Companies Act, 1956.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The information regarding conservation of energy and technology absorption required to be given pursuant to section 217(1)(e) of the Companies Act, 1956 is not given as the same is not applicable. During the year, the Company has used foreign exchange amounting to Rs. 102.63 lacs (previous year NIL).

DIRECTORS

Mr. A. L. Kapur, Mr. P. B. Kulkarni and Mr Nimesh Kampani, Directors' of the company retire by

rotation and being eligible, offer themselves for re- appointment.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Amendment Act, 2000 the Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 30th June, 2002 and of the profits of the company for the said period.
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s N. M. Raiji & Co., Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. You are requested to re-appoint the Auditors and fix their remuneration.

SUBSIDIARY COMPANIES

The Annual Report of Ambuja Cement Eastern Limited and Ambuja Cement Orissa Limited are attached and form part of this report.

On behalf of the Board of Directors

A. L. Kapur
Director

Anil Singhvi
Director

Mumbai, 2nd August, 2002

AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of AMBUJA CEMENT INDIA LIMITED as at 30th June, 2002 and also the Profit and Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, the Company has kept proper books of account as required by law so far, as appears from our examination of the books;
 - c. The Balance Sheet and Profit & Loss Account

dealt with by this report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet and the Profit & Loss Account are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, in so far as the standards are applicable to the Company;
- e. According to the information and explanations given to us and on the basis of the written representation from the directors, taken on record by the Board of Directors, none of the Directors is disqualified as on 30th June, 2002 from being appointed as a director under section 274 (1)(g) of the Companies Act, 1956.
- f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2002 and
 - ii) in the case of the Profit & Loss Account, of the profit for the year ended on that date.

For N. M. RAIJI & CO.
Chartered Accountants

Sujal Shah
Partner

Mumbai, 2nd August, 2002

ANNEXURE

Referred to in paragraph (1) of our report of even date

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, the management at reasonable intervals during the year has physically verified all the capitalised assets. According to the information and explanations given to us, no material discrepancies have been noticed on such verification as compared to the book records.
2. None of the fixed assets have been revalued during the year.
3. Since the Company's project is under implementation and has no inventory, clauses 4 (A) (iii), (iv), (v) and (vi) pertaining to physical verification and valuation of finished goods, stores, spare parts and raw materials, clause 4 (A) (xii) pertaining to determination of unserviceable or damaged stocks, clause 4 (A) (xiv) regarding maintenance of records for sale and disposal of realisable by-products and scraps, clause 4 (A) (xvi) regarding maintenance of cost records, of the said order are not applicable.
4. The Company has not taken any loan, secured or unsecured, from companies, firms, or other parties as listed in Register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
5. The Company has not granted any loans to companies, listed in the register maintained under section 301 of the Companies Act, 1956 except unsecured loan repayable on demand amounting to Rs. 1100 lacs to its subsidiary company Ambuja Cement Eastern Limited. The loan has been received back during the year. The rate of interest and other terms and conditions of the loan is not prima facie prejudicial to the interest of the Company.
6. In respect of Loans and Advances in nature of loans given by the Company, we have to state that a sum of Rs. 87.10 lacs was outstanding against interest free unsecured loan repayable on demand given to Ambuja Cement Orissa Limited, a wholly owned subsidiary. During the year, the Company has not called back the loan.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of equipment and other assets. There being no sales, the question of adequate internal control procedures in respect of the same does not arise.
8. There are no transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
9. According to the information and explanation given to us, the Company has not accepted any deposits from the public. Consequently, the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
10. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
11. We have been informed that provisions of Employees' Provident Fund Act, 1952, and Employees State Insurance Act, 1948 are not yet applicable to the Company, and hence the question of reporting under clause 4(A) (xvii) of the order does not arise.
12. According to information and explanation given to us, there are no undisputed amounts payable in respect of income tax, sales tax, customs duty and excise duty outstanding as at June 30, 2002 for a period of more than six months, from the date they became payable.
13. Based on our examination of the books of account and other records and according to the information and explanations given to us, there are no personal expenses of employees and directors charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
14. The Company is not a sick industrial unit within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For N. M. RAIJI & CO.
Chartered Accountants

Sujal Shah
Partner

Mumbai, 2nd August, 2002

BALANCE SHEET

as at 30th June, 2002

	Schedule	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	47,686.67		47,686.67
Reserves and Surplus	B	94,830.38		94,830.38
			142,517.05	142,517.05
TOTAL			142,517.05	142,517.05
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	C	1,678.75		1,678.68
Less: Depreciation		3.34		2.26
		1,675.41		1,676.42
Capital Work in Progress (incl. expenditure during construction for Projects Rs. 115.03 lacs, Previous year Rs. 93.03 lacs)		183.63		155.69
Net Block			1,859.04	1,832.11
Investments	D		137,783.85	137,783.85
Current Assets, Loans & Advances				
Current Assets :				
Cash and Bank Balances	E	2,218.93		1,729.31
Loans & Advances	F	173.97		147.31
		2,392.90		1,876.62
Less: Current Liabilities & Provisions	G	1.62		102.87
Net Current Assets			2,391.28	1,773.75
Profit and Loss Account			482.88	1,127.34
TOTAL			142,517.05	142,517.05
Notes Forming Part of the Accounts	H			



As per our attached report of even date

For and on behalf of
N. M. RAJJI & CO.
Chartered Accountants

For and on behalf of the Board

Sujal Shah
Partner

Ajay Jhunjhunwala
Company Secretary
cum Manager

A. L. Kapur
Director

Anil Singhvi
Director

Mumbai,
2nd August, 2002

PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2002

	Schedule	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
INCOME			
Dividend Received		495.79	194.54
Interest Received - Others			
– On Fixed Deposits (Tax deducted at Source Rs.12.58 lacs, previous year Rs. 43.09 lacs)		77.37	189.97
– On Other Deposits (Tax deducted at Source Rs. 20.21 lacs, previous year Rs. 19.03 lacs)		98.25	87.33
– Interest on Income Tax Refund		0.37	–
Profit on Sale of Investments		0.84	5.01
		<u>672.62</u>	<u>476.85</u>
EXPENDITURE			
Salaries		2.98	2.29
Custody Charges		0.02	3.57
Legal & Professional Fees		7.54	56.33
Directors' Sitting Fees		0.30	0.25
Miscellaneous Expenses		0.69	1.09
Exchange Rate difference, (Net)		4.35	0.86
Depreciation		1.08	1.07
		<u>16.96</u>	<u>65.46</u>
Profit / (Loss) before tax		655.66	411.39
Provision for taxation		11.20	20.30
Profit / (Loss) after tax		644.46	391.09
Add : Excess Provision written back		–	15.01
Balance of Profit/ (Loss)		644.46	406.10
Balance as per last Account		<u>(1,127.34)</u>	<u>(1,533.44)</u>
Balance carried to Balance Sheet		<u>(482.88)</u>	<u>(1,127.34)</u>
Notes Forming Part of the Accounts	H		



As per our attached report of even date
For and on behalf of
N. M. RAJJI & CO.
Chartered Accountants

Sujal Shah
Partner

Mumbai,
2nd August, 2002

Ajay Jhunjhunwala
Company Secretary
cum Manager

For and on behalf of the Board

A. L. Kapur
Director

Anil Singhvi
Director

SCHEDULES 'A' TO 'H'
annexed to and forming part of the Balance Sheet as at and
Profit & Loss Account for the year ended 30th June, 2002

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL			
Authorised			
60,00,00,000 Equity shares of Rs.10/- each		60,000.00	60,000.00
		60,000.00	60,000.00
Issued, Subscribed and Paid-up			
476,866,666 Equity shares of Rs.10/- each fully paid up		47,686.67	47,686.67
[Out of the above 286,120,000 Equity Shares are held by the holding Company, Gujarat Ambuja Cements Limited]			
		47,686.67	47,686.67
SCHEDULE 'B' – RESERVES AND SURPLUS			
Securities Premium Account			
As per last Account	94,830.38		78,958.66
Add: Received during the year	–		15,895.56
Less : Shares Issue Expenses Written Off	–		23.84
		94,830.38	94,830.38
		94,830.38	94,830.38

SCHEDULE 'C' – FIXED ASSETS

	Rs. in lacs							
	GROSS BLOCK (at Cost)			DEPRECIATION			NET BLOCK	
DESCRIPTION	As at 30.06.2001	Additions During the Year	As at 30.06.2002	As at 30.06.2001	Provided for the Year	Upto 30.06.2002	As at 30.06.2002	As at 30.06.2001
Freehold Land	1,666.95	–	1,666.95	–	–	–	1,666.95	1,666.95
Furniture, Fixtures & Office Equipment	8.16	0.07	8.23	1.80	0.74	2.54	5.69	6.36
Vehicles	3.57	–	3.57	0.46	0.34	0.80	2.77	3.11
	1,678.68	0.07	1,678.75	2.26	1.08	3.34	1,675.41	1,676.42
Previous Year's Total	1,654.70	23.98	1,678.68	1.19	1.07	2.26	1,676.42	

Notes :

The land and vehicles are in the process of being transferred in favour of the Company.

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'D' – INVESTMENTS (at cost)			
Long Term Investments			
Non-Trade Investments:			
In Fully Paid Equity Shares			
Quoted :			
2,46,70,000 Equity Shares of Rs. 10 each in The Associated Cement Companies Limited		92,819.37	92,819.37
In Subsidiary Companies :			
Quoted :			
18,10,57,827 Equity Shares of Rs. 10 each in Ambuja Cement Eastern Limited	44,964.46		44,964.46
Unquoted :			
In Fully Paid Equity Shares			
152 Equity Shares of Rs. 10 each in Ambuja Cement Orissa Limited [Formerly known as DLF Orissa Limited]	0.02		0.02
		44,964.48	44,964.48
		137,783.85	137,783.85

	Book Value as on		Market Value as on	
	30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs	30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs
Aggregate amount of Quoted Investments	137,783.83	137,783.83	67,807.77	61,623.31
Aggregate amount of Unquoted Investments	0.02	0.02		
	137,783.85	137,783.85		

	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'E' – CASH AND BANK BALANCES		
Cash on hand	0.31	0.15
Bank Balances:		
With Scheduled Banks		
In Current Account	1,142.56	429.16
In Fixed Deposit	1,076.06	1,300.00
	2,218.93	1,729.31

SCHEDULE 'F' – LOANS AND ADVANCES		
(Unsecured, Considered good) :		
Loan to Subsidiary Company	87.10	87.10
Advance recoverable in Cash or in Kind		
Tax Paid in Advance, net of provisions	71.89	52.02
Interest Receivable	13.79	6.88
Deposits	1.19	1.31
	173.97	147.31

SCHEDULE 'G' – CURRENT LIABILITIES & PROVISIONS		
Current Liabilities:		
Sundry Creditors - [Due to Holding Company]	1.35	–
Liability for Expenses	0.27	102.87
	1.62	102.87

SCHEDULE 'H' – NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- a) System of Accounting :
 - i. The Financial statements are based on historical costs.
 - ii. The Company follows the mercantile system of accounting and recognises income and expenditure on the accrual basis except those with significant uncertainties.
- b) Investments :
Investments are valued at cost. Temporary diminution in the value of Long Term Investments is not recognised.
- c) Fixed Assets :
Fixed Assets are stated at cost of acquisition less depreciation.
- d) Depreciation :
 - i. Depreciation on assets is provided on Straight Line Method as per the rates specified in Schedule XIV to the Companies Act, 1956.
 - ii. Depreciation on assets acquired during the year has been charged on pro-rata basis from the month of acquisition or installation.
 - iii. Assets of small value and of non-durable nature are written off in the year of purchase.
- e) Expenditure during Construction Period :
Expenditure incurred on projects under implementation are being treated as pre operative expenses pending allocation to the assets and are shown under " Capital Work in Progress" and the same will be capitalised on commencement of commercial production.
- f) Foreign Currency Conversion :
 - i. Foreign currency transactions are recorded at the rates existing at the time of the transaction.
 - ii. Monetary items denominated in Foreign currency are translated at the exchange rate prevailing on the last day of the accounting year / period except in respect of such items covered by forward contracts.
- g) Expenses on issue of Shares, and Preliminary expenses are being written off to the Securities Premium Account.
- h) The Company's Financial year for the purpose of compliance with the provisions of Companies Act, 1956 ends on 30th June, as against the "Previous year" for tax purpose, which ends on 31st March. The Company does not expect taxable income for the previous year (i.e. 1.4.2001 to 31.3.2002) relevant to the Assessment year 2002-2003 but provision for taxation has been made in the Accounts towards Minimum Alternate Tax payable in accordance with the provisions of Section 115 JB of Income Tax Act, 1961, for the said period. The income, if any, for the period from 1st April, 2002 to 30th June, 2002 forming part of the annexed accounts, will be assessed as part of the composite income relevant to the Assessment year 2003-2004, viz. for the income tax Previous year ending on 31st March, 2003. As a result, the tax liability, if any, in respect of assessable income of the said three months, cannot be quantified at present and hence, no provision is made therefore.

2. In accordance with the Accounting Standard 22- " Accounting for taxes on Income", issued by the Institute of Chartered Accountants of India, the Company has recognised for Deferred Tax Liabilities of Rs. 1.18 lacs. The Company also has Deferred Tax Assets of Rs. 462.03 lacs by way of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, out of which Deferred Tax Assets only to the extent of the amount of Deferred Tax Liabilities, as above, have been recognised as a matter of prudence. Hence, in overall, there is no impact of the same in these Accounts.

3. Payment to Auditors:

	2001-02 Rs. in lacs	2000-01 Rs. in lacs
Statutory Auditors		
i. As Auditors	0.18	0.18
ii. In Other Capacity		
For Tax Audit	0.07	0.07
iii. For Expenses	0.02	Nil
	0.27	0.25

4. Managerial Remuneration:

Salaries	2.98	2.29
Perquisites	Nil	Nil

5. The figures of the previous year have been regrouped, wherever necessary.
6. Expenditure in Foreign Currency :
Professional Fees (Net of Taxes) Rs. Nil (Previous Year Rs. 22.93 lacs)
7. Additional Information as required under Part II of Schedule VI of the Companies Act, 1956 has been given to the extent applicable to the company.

Signatures to Schedules 'A' to 'H'

As per our attached report of even date

For and on behalf of
N. M. RAJJI & CO.
Chartered Accountants

For and on behalf of the Board

Sujal Shah
Partner

Ajay Jhunjhunwala
Company Secretary
cum Manager

A. L. Kapur
Director

Anil Singhvi
Director

Mumbai,
2nd August, 2002

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details			
	Registration No.	119587	State Code	11
	Balance Sheet Date	30.06.2002		
II.	Capital Raised during the Year (Amount in Rs. Thousands)			
	Public Issue	Nil	Rights Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	14,251,705	Total Assets	14,251,705
	Sources of Funds			
	Paid-up Capital	4,768,667	Reserves & Surplus	9,483,038
	Secured Loans	Nil	Unsecured Loans	Nil
	Application of Funds			
	Net Fixed Assets	185,904	Investments	13,778,385
	Net Current Assets	239,128	Misc. Expenditure	48,288
IV.	Performance of Company (Amount in Rs. Thousands)			
	Turnover	67,262	Total Expenditure	1,696
	+/- Profit/Loss before Tax	+ 65,566	+/- Profit/Loss after Tax	+ 64,446
	Earning per Share in Rs.	0.14	Dividend Rate %	Nil
V.	Generic Name of Principal Product of the Company			
	Item Code No. (ITC Code)	252329.01		
	Product Description	Other Grey Portland Cement		



For and on behalf of the Board

Ajay Jhunjhunwala
Company Secretary
cum Manager

A. L. Kapur
Director

Anil Singhvi
Director

Mumbai,
2nd August, 2002

**STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO
SECTION 212(3) AND 212(5) OF THE COMPANIES ACT, 1956**

Name of the Subsidiary	Financial Year of the Subsidiary Company ended on	Holding Company's interest		The Net aggregate amount of subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Accounts		The Net aggregate amount of the Profit/Losses of Subsidiary which has been dealt with in the accounts of the Holding Company	
		No. of Equity Shares	Percentage of Holding	For the Current Financial year	For the previous Financial year since it became Subsidiary	For the Current Financial year	For the previous Financial year since it became Subsidiary
Ambuja Cement Eastern Limited	30th June, 2002	18,10,57,827 Equity Shares of Rs. 10 each	94.08%	Rs. 1113.12 lacs	Rs. (-) 3667.03 lacs	Not applicable	Not applicable
Ambuja Cement Orissa Limited	31st March , 2002	152 Equity Shares of Rs. 10 each	100.00%	Not applicable	Not applicable	Not applicable	Not applicable



For and on behalf of the Board

Ajay Jhunjhunwala
Company Secretary
cum Manager

A. L. Kapur
Director

Anil Singhvi
Director

Mumbai,
2nd August, 2002

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

TO THE MEMBERS,

We have pleasure in presenting to you the Twentieth Annual Report together with the Audited Statement of Accounts of the company for the corporate financial year ended 30th June, 2002.

The year 2001-02 saw the overall demand of cement grow at about 12.5% in the Eastern Region. However due to significant over supply in the market, the cement price levels remained under pressure. The price levels were 6-8% lower than the previous year.

Considering this scenario, our performance has been satisfactory. Against the record output of 13.99 lac mt last year, we could this year achieve an output of 14.37 lac mt. This year we reworked our business Model. We focussed on feeding the primary market in West Bengal, which gives us the highest realisation (from our Grinding Unit at Sankrail). This helped us increase our market share in West Bengal from 10% to 13.5% which constitutes about 55% of our total despatches.

We continued with our all out efforts to reduce costs. Our variable Cost per tonne of cement for the company, reduced by 8% over the previous year.

By rationalization and improved logistics management, there has been overall reduction in distribution cost.

These efforts helped us to achieve a net profit of Rs.11.83 crores in 2001-02 as compared to Rs.6.89 crores last year.

Our commitment of strict compliance of all quality standards and pledge to give the best cement to our customers has continued.

A major plant overhaul at Bhatapara is being carried out in August, 2002. This will enable us to produce more cement in the coming years.

With increased productivity and further reductions of costs, we expect to improve the profitability significantly in 2002-03.

FINANCIAL RESULTS

The Operating & Financial Results for the financial Year ended 30th June, 2002 are as summarised below: -

	2001-02 Rs. in lacs	2000-01 Rs. in lacs
Sales (Net of Excise Duty)	31505.53	29527.68
Operating Profit	5547.36	3705.92
Interest & Finance Charges	2252.72	1149.55
Gross Profit	3294.64	2556.37
Depreciation & Amortisation	2700.10	1867.30
Profit before exceptional item & Taxation	594.54	689.07
Exceptional item - Cess written back	588.62	-
Profit after exceptional item but before taxation	1183.16	689.07
Provision for Tax	-	-
Profit after Tax	1183.16	689.07
Transfer to Debenture Redemption Reserve	1000.00	600.00
Balance brought forward from previous year	(18864.25)	(18953.32)
Balance carried to Balance Sheet	(18681.09)	(18864.25)

REVIEW OF PERFORMANCE

Production

We were able to increase the productivity of the Kiln at Bhatapara by 15% due to various modifications done during this year. However, we could not get the desired run factor of the Kiln. With frequent stoppages and breakdowns, we could not increase our clinker production. The clinker production during the year was similar to the last year's production of about 10 lac MT. Our technical team has identified the areas for increased availability of the Kiln and necessary efforts will be taken during the current year.

Marketing

Our total sales for the year was 14.66 lac tonnes against 14.03 lac tonnes achieved in the last financial year, an increase of 4%. In value terms, our turnover was Rs. 36635.39 lacs against Rs. 34406.57 lacs, representing an increase of 6%.

With the full commissioning of the Grinding Unit at Sankrail, our marketing strategy has been realigned with an increased focus on West Bengal. From Sankrail, there is advantage of lower distribution cost in the form of primary freight, secondary freight and handling costs.

We are pleased to report that, during the current year our sales in West Bengal increased by about 56% as against the over all growth in demand of 19%. 92% of our total production has been sold in our primary markets (West Bengal, Chhattisgarh, Orissa, North East, Jharkhand, and Bihar, in order of importance) during the year as against 77% in the previous year.

The "Ambuja" brand has gained widespread acceptability in these markets. The fact that we are able to provide fresh cement has led to an increase in customer loyalty. We could successfully introduce PPC in West Bengal. With a view to strengthen our presence further, we have also increased our dealer network.

Quality Control & Customer Satisfaction

Our quest towards excellence is a continuing process. We are happy to report that our Sankrail unit has already received ISO 9002 for quality management in April, 2002. ISO 14000 Certification for environment management system is under progress and we are hopeful of obtaining the accreditation shortly. This reiterates our commitment towards introducing appropriate quality standards as also our concern for protecting our environment.

The Technical Services Cell has continued its efforts in enhancing consumer confidence. Mason meets were organized on a regular basis. Further to make the consumer develop greater awareness regarding state-of-the-art construction practices, the Technical Services Cell has also organised a series of lectures by eminent practitioners in the field. A customer guidance center is also being set up in Kolkata. These have strengthened our bonding with the customers.

Cost Reduction efforts

In the highly competitive environment and excess supply scenario, our people are conscious of the fact that profits have to come from within. Therefore, our constant endeavour has been to bring about a reduction in costs all-round and we are happy to report that we have achieved fair success in the following areas.

- (i) Cost of raising limestone has dropped by 9% inspite of an increase in cost of diesel and other inputs.
- (ii) In the last year, we had reported to you about the commissioning of the 10 MW DG Set at Bhatapara. This has led to a savings of 13% in the cost of power.
- (iii) Fuel cost is down by 6% over the previous year.
- (iv) Further improvement in additives mix have improved the overall cost of production. Reductions were also effected in the costs of other raw materials through optimization in their usage.
- (v) With the shift in emphasis on markets in Eastern India, we could optimize freight and other distribution costs. Though there was increase in price of Diesel, by streamlining distribution and close monitoring of freight rates, we could achieve a reduction in freight cost by about 7% over the previous year.
- (vi) Right sizing of manpower through VRS during the year will result in reduced wage bill by about Rs. 2.25 crore p.a. in future.

ECONOMY AND BUSINESS ENVIRONMENT

Growth in demand for cement in the year 2001-02 stood at a healthy 12.6% as compared to the negative growth during the last year. This growth could be achieved inspite of the economic slowdown and recessionary conditions that prevailed in the economy.

Our major market is West Bengal. Demand in the State increased by 19%. Demand in the rural areas picked up in the face of good monsoon. The proposed outlay in infrastructural projects both in the States of West Bengal and Orissa augurs well for the industry and your Company in particular.

The industry envisages a growth of 9% in demand on all India basis in the coming year. With no substantial increase in capacities in the offing in the form of greenfield projects, the existing gap between demand and supply should narrow down further. The proposed golden quadrilateral highway, rural road development projects and the continued thrust by the Government on housing through provision of fiscal incentives coupled with easy financing options carrying low interest should provide the much needed stimulus to the industry. We believe that there is, therefore, an enormous potential for growth in the industry and we hope to be able to avail of such opportunities.

RISKS AND CONCERNS

In West Bengal, future availability of cement is likely to increase as all major players are likely to push more cement in the market. This will lead to increased competition, which will put further pressure on margins. With prices of crude oil firming up both in the domestic and international markets, fuel costs, which is a major constituent to the total costs, will move up. Transportation costs are also likely to increase which will adversely impact costs and profitability.

The cement industry is greatly dependent on Government outlay for infrastructure creation and on monsoon which generates huge rural demand. Any slow down in infrastructural development by the Government and inadequate monsoon will have an adverse impact on cement demand.

HUMAN RESOURCES

Our people have played a significant role in steering the fortunes of the Company. With a view to enhance skills, our efforts for providing training have continued. Through training programmes and value based teachings, we have tried to keep motivational levels high amongst our people. Adequate training has been provided to enhance the skill levels and inculcate a work culture, which is the ethos of Ambuja Group. Industrial relations within the company as well as public relations with all outside agencies have been most cordial.

Voluntary Retirement Scheme

The Company has been having manpower much in excess of its requirements. With a view to rightsize, the total employee strength in the Organisation, a Voluntary

Retirement Scheme was successfully implemented in the period April - May, 2002. This has resulted in a reduction of about 300 persons.

INTERNAL CONTROL SYSTEMS

The Company is constantly endeavouring to improve the standards of internal control in various areas. The existing set up of the Internal Control System is commensurate with the size of the Company's operations and its nature of business. However, realising the significance of the contribution that sound Internal Control Systems can make to any organisation, the Company is taking steps to further strengthen the Internal Control Systems.

High degree of transparency is endeavoured in all activities. The Audit Committee of the Board meets regularly to review the performance as also to determine the adequacy of the internal audit and control process.

FIXED DEPOSITS

The Company has not received any fixed deposits from the shareholders / public during the year under review.

BIFR SCHEME - IMPLEMENTATION

The implementation of the rehabilitation scheme has progressed as scheduled. The company has made payments to both the secured and unsecured creditors as per stipulations contained in the scheme.

DIRECTORS

Shri B. L. Taparia, Shri S. K. Dewan and Shri P. N. Sekhsaria resigned from the directorship of the company with effect from 28th March, 2002. The Board of Directors place on record their sincere appreciation for the valuable contribution made by the outgoing directors during their association with the company.

Shri Shailesh Haribhakti and Shri A K Puri were appointed as additional directors effective from 28th March, 2002 and will hold office till the next Annual General Meeting. Separate notices pursuant to Section 257 of the Companies Act, 1956 have been received from a member, proposing the candidature of Shri Shailesh Haribhakti and Shri A. K. Puri as directors at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, Shri A. C. Singhvi and Shri S. K. Neotia, being longest

in office, retire by rotation and being eligible, offer themselves for re-appointment.

Managing Director

The present tenure of Shri Harshavardhan Neotia, Managing Director of the Company expires on 8th December, 2002. It is proposed to re-appoint him for a further term of five years with effect from 9th December, 2002. Resolutions for the re-appointment and approval of the remuneration payable to Shri Harshavardhan Neotia, have been proposed at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code as contained in the Listing Agreement with the Stock Exchange, has become applicable to the Company with effect from 1st April, 2002. Necessary steps have been taken for ensuring the compliance of the Code. A separate section on Corporate Governance is annexed and forms an integral part of this Report.

AUDITORS

M/s Lodha & Co. and M/s N. M. Raiji & Co., Statutory Auditors of the company will retire at the ensuing Annual General Meeting and are eligible for re-appointment.

You are requested to re-appoint the Auditors and to fix their remuneration.

M/s N Radhakrishnan & Co., Cost Accountants, have been re-appointed as Cost Auditors of the company for the year 2002-03, subject to the approval of the Central Government.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your directors have:

- followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures;
- selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profit of your company for that period;

- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities and
- prepared the Annual Accounts on a going concern basis.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto marked Annexure-I and forms part of this Report.

EMPLOYEES

Labour relations continued to be cordial at the plants. Information required to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is annexed hereto and marked annexure II and forms part of this report.

ACKNOWLEDGEMENTS

We are extremely thankful to the Governments of West Bengal and Chhattisgarh for their continued cooperation and support.

Our grateful thanks also go to the Financial Institutions and Banks for their active support and encouragement.

We place on record our sincere appreciation of the total commitment, dedication and hardwork put in by all the employees of the company.

We also thank our shareholders, the BIFR and various Departments of Central and State Governments and local authorities for their continued support.

For and on behalf of the Board

Mumbai
24th July, 2002

Suresh Neotia
Chairman

ANNEXURE - I

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY

a) Energy Conservation measures taken :

Bhatapara Unit :

1. Increased flame momentum by reducing the cross section of the air in various channels of burner pipe.
2. Optimization of grinding media in cement mill.

Sankrail Unit:

3. Installation of 1 MW DG Set for optimum operation of DG House.
4. Use of High Efficiency Motors for Cement Mill.
5. Installation of Killo Watt (KW) Transducers for prevention of Idle running of equipment.
6. Auto Control of Cooling Tower Temperature.

b) Additional Investment and proposals, if any, being implemented for reduction of Consumption of Energy :

1. Variable Voltage Variable Frequency(VVVF) Drives for cooler fans.
2. Drying Chamber in Cement Mill.
3. High Efficiency fans for Pre-heater and Cooler ESP.
4. Upgradation of Instrumentation System.
5. Fly Ash Feeding at Cement Mill outlet.
6. Upgradation of Programmable Logic Controller(PLC) & Local Area Networking(LAN) Interlinking.
7. Fuzzy Logic Control for one Cement Mill.
8. Pressurisation and Ventilation (P & V) System modification for Power Plant.
9. Low Voltage Synchronization of 1Mega Watt(MW) DG Set.

Total investment on the above is estimated at Rs. 390 lacs.

c) Impact of the measures of (a) & (b) above for reduction of Energy Consumption & Consequent impact on the cost of production of goods :

Measures referred to (a) and (b) above, will result in substantial saving in power and fuel cost.

d) Total Energy Consumption and Energy Consumption per unit of production :

Information is given in the prescribed Form A annexed.

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in prescribed Form - B annexed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to Exports, initiatives taken to increase Exports, Development of new export markets for products and services and Export plans :

The Company exported 17,205 MT of Clinker during the year. As against this the quantity of Cement and Clinker exported in the previous year was 14271.60 MT and 10933.50 MT respectively. The total F.O.B. value of exports was Rs. 257.08 lacs as against Rs. 400.39 lacs in the previous year. Presently, the export realisation is much lower. The company is constantly keeping a watch on the export markets and will increase its focus on exports as and when the realization improves.

b) Total Foreign Exchange used and earned :

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
Used	142.94	329.84
Earned	257.08	400.39

FORM A
(See Rule 2)

Form for disclosure of particulars with respect of Conservation of Energy

(A) POWER AND FUEL CONSUMPTION

	Current Year 2001-2002	Previous Year 2000-2001
1. Electricity :		
a) Purchased		
Unit (lac - KWH)	424.88	474.11
Total Amount (Rs. in lacs)	1,659.28	2,127.07
Rate/Unit (Rs.)	3.89	4.49
b) Own Generation		
i) Through Diesel Generator		
Net Units (lac / KWH)	926.02	796.90
Unit/Ltr. Of LDO/Furnace Oil (KWH)	3.81	3.33
LDO/Furnace Oil-Cost/Unit Generated (Rs./KWH)	2.45	2.92
ii) Through Steam Turbine/General		
Units	Nil	Nil
Unit/Ltr. of Fuel	Nil	Nil
Oil/Gas Cost/Unit	Nil	Nil
2. Coal (B & C Grade) and other fuels :		
Quantity (Million K. Cal)	855,332	889,809
Total Cost (Rs. in lacs)	2,679.53	2,679.13
Average Rate (Rs./Million K. Cal)	313.27	301.09
3. Light Diesel Oil/High Speed Oil :		
Quantity (K. Ltr)	585.22	575.00
Total Cost (Rs. in lacs)	88.87	92.34
Average Rate (Rs./K. Ltr)	15,186	16,059
4. Other/Internal Generation :		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil

(B) CONSUMPTION PER UNIT OF PRODUCTION

	Industry Norms	Current Year 2001-2002	Previous Year 2000-2001
Electricity (KWH/T of Cement)*	110-115	93	91
LDO/HSD/(Ltr./T of Clinker)	N. A	0.56	0.43
Coal and Other Fuels (K.Cal/Kg. of Clinker)	850	823	857

* Does not include electricity consumption in township which is 0.75 kWh/T of Cement (Previous Year 0.57 kWh/T of Cement)

FORM B

(See Rule 2)

Form for disclosure of particulars with respect to Absorption

A) RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D was carried out by the Company :

- Use of various grinding aids and their proportions to enhance the grinding efficiency of the cement mills.
- Modification of raw mill internals and optimisation of process parameters.

2. Benefits derived as a result of above R & D :

- Reduction in energy consumption in cement mill and increase in slag usage.
- Improved productivity and product quality of Raw mill.

3. Future plan of action :

- Installation of Drying chamber in the mill to enhance slag usage as well as for reducing specific energy consumption.
- Further optimisation of process parameters & raw mill internal settings to increase raw mill productivity.
- Optimisation in the grinding media pattern in cement mills on installation of drying chamber for increasing the efficiency of cement grinding process.

4. Expenditure in R & D

	2001-2002 (Rs. in lacs)	2000-2001 (Rs. in lacs)
a) Capital Expenditure	Nil	Nil
b) Recurring expenditure	27.45	20.49
c) Total expenditure	27.45	20.49
d) Total R&D expenditure as a percentage of total turnover	0.08%	0.06%

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards Technology Absorption and Innovation:

New ESP for cooler has been installed for pollution/environment control and to reduce the pressure drop (across old generation multiclones) so as to reduce the electrical energy consumption also.

2. Benefits derived as a result of above efforts :

- Suspended Particulate Matter (SPM) emission through the stack has reduced to 60-70 mg/cu.nm from 200mg/cu.nm.
- Optimisation of the ESP operation has increased energy efficiency of the system.

3. Information regarding Technology imported during last five years :

- Technology imported : LV Technology in Raw Mill & MANN Technology in DG Sets
- Year of Import : 2000
- Has technology been fully absorbed : Yes
- If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action : Not applicable

ANNEXURE - II

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 2002

Name & Age (Years)	Designation/ Nature of duties	Remuneration (Rs.)	Qualifications	Experience	Date of commence- ment of employment	Last employment
EMPLOYED THROUGHOUT THE FINANCIAL YEAR :						
Neotia Harshavardhan (40)	Managing Director	41,96,884	B.Com (Honours) Owner President Management Programme (Harvard Business School)	18	9.12.1997	Whole Time Director Gujarat Ambuja Cements Limited

NOTES:

- 1. Remuneration includes salary, allowances and perquisites as approved by the Central Government.
- 2. The above appointment is contractual.



CORPORATE GOVERNANCE

1. PHILOSOPHY

The Company has always been committed to good governance and adequate disclosures for its stakeholders. It believes in active participation, transparency in systems and accountability, all of which could only be achieved by proper channels of communication.

The Board has constituted various committees from time to time for the smooth and swift functioning of the Company. The Board had set up various committees of Directors such as Audit committee, Management Committee even before the requirements of the Code of Corporate Governance have become mandatorily applicable to the Company. Further steps have been taken to bring the Corporate Governance practices in conformity with the requirements of the Code.

Given below is the Report of the Directors on the practices on Corporate Governance as prevalent in the company -

2. BOARD OF DIRECTORS

2.1 Composition :

The Board of Directors comprises of 9 Directors.

Shri S. K. Neotia is the non-executive Chairman and Shri Harshavardhan Neotia is the Managing Director. The Board comprises of three independent directors.

The composition of the Board as on 30th June, 2002 is in conformity with the Corporate Governance Code. The details of the Directorships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 25 Companies), Chairmanships and the Committee memberships held by the Directors as on 30th June, 2002 are given below:-

Name of the Director	Category	Number of other Directorships	Chairmanship	Committee Memberships		Chairmanships of the committees
				Mandatory	Non-mandatory	
Shri Suresh Neotia	Non-executive Chairman	8	3	—	—	—
Shri A. L. Kapur	Non-executive Director	3	—	4	3	1
Shri P. B. Kulkarni	Non-executive Director	3	—	—	2	—
Shri A. C. Singhvi	Non-executive Director	5	—	2	4	—
Shri Santosh Senapati	Non-executive Director	3	—	1	1	—
Shri R. S. Rathore	Special Director nominated by BIFR [independent Director]	2	—	—	—	—
Shri A. K. Puri (with effect from 28th March, 2002)	Independent non-executive Director	—	—	—	—	—

Name of the Director	Category	Number of other Director-ships	Chairman-ship	Committee Memberships		Chairman-ships of the committees
				Manda-tory	Non-manda-tory	
Shri Shailesh Haribhakti (with effect from 28th March, 2002)	Independent non-executive Director	8	—	2	7	—
Shri Harshavardhan Neotia	Managing Director	8	—	1	—	—

Shri Shailesh Haribhakti and Shri A. K. Puri were appointed as additional directors at the Meeting of the Board held on 28th March, 2002. Their re-appointment as directors is being proposed for consideration of the members at the ensuing Annual General Meeting.

Shri B. L. Taparia, Shri P. N. Seksharia and Shri S. K. Dewan have resigned from the Board as directors with effect from 28th March, 2002.

2.2 Meetings and Attendance record of Directors :

The Board of Directors held five Meetings during the financial year ended 30th June, 2002 on the following dates -

- | | |
|-------------------------|----------------------|
| i. 6th August, 2001 | iv. 28th March, 2002 |
| ii. 29th October, 2001 | v. 23rd April, 2002 |
| iii. 23rd January, 2002 | |

The attendance record of the directors at the Board Meetings held during the year ended 30th June, 2002 and at the last Annual General Meeting (AGM) is as under :-

Name of the Directors	Attendance Board Meetings	Attendance last AGM
Shri Suresh Neotia	2	Absent
Shri A. L. Kapur	4	Absent
Shri P. B. Kulkarni	4	Present
Shri B. L. Taparia (upto 28th March, 2002)	3 out of 3 meetings	Present
Shri P. N. Seksharia(upto 28th March, 2002)	2 out of 3 meetings	Absent
Shri A. C. Singhvi	3	Absent
Shri S. K. Dewan(upto 28th March, 2002)	1 out of 3 meetings	Present
Shri Santosh Senapati	4	Absent
Shri R. S. Rathore	5	Absent
Shri A. K. Puri (with effect from 28th March, 2002)	2 out of 2 meetings	Not Applicable
Shri Shailesh Haribhakti (with effect from 28th March, 2002)	2 out of 2 meetings	Not Applicable
Shri Harshavardhan Neotia	4	Present

2.3 Remuneration of Directors :

Shri Harshavardhan Neotia was appointed as Managing Director for a period of five years with effect from 9th December, 1997. He was not paid any remuneration till 31st March, 2001. The company has started

paying him remuneration with effect from 1st April, 2001. Shri Neotia is also Managing Director in Bengal Ambuja Housing Development Ltd. and drawing remuneration therefrom. As the aggregate remuneration paid from both the companies exceeded the limits prescribed under Schedule XIII of the Companies Act, 1956, the approval of the Central Government was obtained by the company for payment of such remuneration. The payment of remuneration was also duly approved by shareholders at the last Annual General Meeting.

During the year, the Company has paid a total remuneration of Rs. 41.97 lacs including reimbursement of medical expenses.

The present term of the Managing Director expires on 8th December, 2002. Resolutions proposing the appointment of Shri Harshavardhan Neotia for a further period of five years and for payment of remuneration have been proposed at the ensuing Annual General Meeting. The remuneration proposed to be paid to the Managing Director has been approved by the Remuneration and Compensation Committee of the Board.

The Company is paying sitting fees to the following independent directors for attending meetings of the Board/ Committees of which they are members :-

- i. Shri R. S. Rathore
- ii. Shri Shailesh Haribhakti
- iii. Shri A. K. Puri

The other non-executive directors of the Company have waived their sitting fees.

2.4 Re-appointment of Directors :

The brief particulars of the directors who are proposed to be appointed/re-appointed at the ensuing Annual General Meeting are as follows -

Shri Suresh Neotia, Chairman of the Company, retires by rotation and being eligible, has offered himself for re-appointment. Shri Suresh Neotia, aged 65 years, an industrialist, joined the Board of the Company in December, 1997. He holds Bachelors' Degrees in Commerce and Law. He is the Chairman of Gujarat Ambuja Cements Ltd. and is also associated with other reputed companies as director.

Shri A. C. Singhvi, retires by rotation and being eligible, has offered himself for re-appointment. Shri A. C. Singhvi, aged 43 years, a Chartered Accountant, joined the Board of the Company in December, 1997. He is a whole-time director of Gujarat Ambuja Cements Ltd. and is also associated with other companies as director.

Shri Shailesh Haribhakti joined the Board of the Company in March, 2002 as an additional director. Being an additional director, he holds office only upto the date of the ensuing Annual General Meeting. It is proposed to appoint him as a director at the same Annual General Meeting. Shri Haribhakti aged 46 years, is a practising Chartered Accountant. He is a partner of Haribhakti & Co., a reputed firm of Chartered Accountants in Mumbai. He is also on the Board of several other companies.

Shri A. K. Puri joined the Board in March, 2002 as an additional director and will hold office only upto the date of the ensuing Annual General Meeting. It is proposed to appoint him as a director at the same Annual General Meeting. Shri Puri aged 66 years, is an eminent Banker having retired as the Deputy Managing Director of State Bank of India. He was also a member of BIFR, Government of India, and also a member of U P State Disinvestment Commission.

3. AUDIT COMMITTEE

The Audit Committee was reconstituted on 28th March, 2002 to bring it in line with the composition as prescribed by the Code of Corporate Governance. The Committee now consists of the following directors :-

- i. Shri Shailesh Haribhakti, Chairman
- ii. Shri A. C. Singhvi
- iii. Shri R. S. Rathore, Special Director, BIFR

All the Members of the Audit Committee are non-executive directors. Shri Shailesh Haribhakti and Shri R. S. Rathore are independent directors. Shri R. Kalidas, the Company Secretary, is the Secretary to the Committee. During the year ended 30th June, 2002, the Committee held three meetings. The attendance of each Committee Member is as under :-

Name of the Directors	No. of Meetings attended
Shri Suresh Neotia (upto 28th March, 2002)	2 out of 2 meetings
Shri R. S. Rathore, Special Director, BIFR	3
Shri B. L. Taparia (upto 28th March, 2002)	3
Shri A. C. Singhvi	2
Shri Shailesh Haribhakti, Chairman (with effect from 28th March, 2002)	2 out of 2 meetings

Shri. Harshavardhan Neotia, Managing Director, is a permanent invitee to the Committee. The Company Secretary and the Chief of Internal Audit Department also attend the meetings of the Committee. The Statutory Auditors are invited to attend the meetings of the Committee in accordance with the requirements of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The terms of reference of the Audit Committee are in conformity with the requirements of the Listing Agreement as also Section 292A of the Companies Act, 1956. These broadly cover the following -

- To discuss and review the quarterly Audit Reports submitted by the Internal Audit Department.
- To review the progress in the implementation of the suggestions made by the Internal Audit Department.
- To discuss and review the observations of the systems and Audit Departments of the Company on systems and controls, cost control, statutory compliances etc. in various functional areas.
- To discuss the quarterly/ half yearly and annual financial results of the company and recommend the same to the Board for its approval.
- To interact with Statutory Auditors on the annual accounts and on other accounting matters.
- To recommend reappointment of Statutory Auditors, Cost Auditors and their remuneration.

4. REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration and Compensation Committee was constituted by the Board in March, 2002 in conformity with the requirements of clause 49 of the listing Agreements. The Committee approves the remuneration proposed to be paid to the Managing Director. The Committee is also empowered to decide on Employees Stock Option Schemes as and when such a Scheme is considered for introduction in the Company.

The Committee consists of the following persons :-

- Shri A. K. Puri, Chairman
- Shri A. C. Singhvi
- Shri R. S. Rathore, Special Director, BIFR
- Shri Shailesh Haribhakti

The remuneration proposed to be paid to the Managing Director, Shri Harshavardhan Neotia, on his reappointment effective from 9th December, 2002 has been approved by the Committee at its Meeting held on 22nd July, 2002.

5. INVESTORS' GRIEVANCE COMMITTEE

The above Committee has been constituted in line with the requirements of Corporate Governance Code. The Committee looks into redressal of investor complaints relating to transfer of shares, non-receipt of Annual Reports etc. The Committee consists of following members :-

- i. Shri A. C. Singhvi, Chairman
- ii. Shri Shailesh Haribhakti
- iii. Shri R. S. Rathore, Special Director, BIFR
- iv. Shri Harshavardhan Neotia, Managing Director

Shri R. Kalidas, Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing Investors' grievance.

6. OTHER COMMITTEES

The Board of Directors have constituted the following more Committees to meet the business requirements of the Company.

6.1 Management Committee :

The above Committee consists of the following Directors :

- i. Shri S. K. Neotia, Chairman
- ii. Shri R. S. Rathore, Special Director, BIFR
- iii. Shri A. C. Singhvi
- iv. Shri P. B. Kulkarni
- v. Shri Harshavardhan Neotia, Managing Director

The Committee reviews periodically the performance of the Company and the implementation of the BIFR Scheme. It also deals with Banking and other related issues.

6.2 Share Transfer Committee :

The Company has a Share Transfer Committee which meets once a fortnight to approve transfers, transmissions, issue of new certificates etc. Presently, the Committee consists of the following directors:-

- i. Shri S. K. Neotia
- ii. Shri Harshavardhan Neotia, Managing Director

6.3. Share Allotment Committee :

The Company has a Share Allotment Committee of Directors which consists of following directors :-

- i. Shri A. L. Kapur
- ii. Shri A. C. Singhvi
- iii. Shri Harshavardhan Neotia, Managing Director

The Committee approves allotment of shares and debentures as and when these are issued.

7. GENERAL BODY MEETINGS

The details of Annual General Meetings held in the last three years are given below :-

Annual General Meeting	Day, date & Time	Venue
17th Annual General Meeting	Saturday, 16th October, 1999 at 10 a.m.	Registered Office Village: Rawan, Tehsil: Baloda Bazar, District: Raipur, Chhattisgarh, PIN 493 331
18th Annual General Meeting	Wednesday, 4th October, 2000 at 10 a.m.	-do-
19th Annual General Meeting	Friday, 28th September, 2001 at 3 p.m.	-do-

8. POSTAL BALLOT

No special resolution requiring postal ballot was placed before the last Annual General Meeting.

No resolution is being proposed at the ensuing Annual General Meeting which requires approval of members through postal ballot.

9. DISCLOSURES

9.1 Details of transactions effected with related parties have been reported separately in the Accounts, printed elsewhere in the Annual report, in accordance with the requirements of Accounting Standard AS-18.

9.2 No penalties or strictures have been imposed on the Company by Stock Exchanges, SEBI or by any statutory authority on any matter relating to capital markets.

10. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges at which the Company's shares are listed immediately after they are approved by the Board. These are also published in Newspapers as per the prescribed guidelines. The company is in the process of launching a Website shortly where Results and other information pertaining to the Company would be displayed. Copies of the financial results and Annual Reports of the company are provided to various Analysts, Government Departments, Investors and others interested in getting the same upon receipt of requests from them.

11. GENERAL SHAREHOLDER INFORMATION

11.1 Registered Office :

Village: Rawan, Tehsil: Baloda Bazar,
District: Raipur, Chhattisgarh 493 331.

11.2 Corporate Office - Address for Correspondence :

'Vishwakarma', 86C, Topsia Road (South), Kolkata-700046.

11.3 Plant Locations :

1. Cement Plant

Village: Rawan, Tehsil: Baloda Bazar,
Dist: Raipur, Chhattisgarh 493 331.

2. Grinding Unit

P.O. & Vill: Dhulagori, P.S : Sankrail,
Dist: Howrah, West Bengal - 711 302.

11.4 Share Transfer Agents & Registrars :

Please note that with effect from 1st July, 2001, services of our Registrars and Share Transfer Agents, MCS Ltd., are available from their Kolkata office instead of from Delhi as before. The address of their Kolkata Office is as follows :-

MCS Limited,

77/2A Hazra Road, Kolkata 700 029.

Phone(033) 476-7350/51

Fax: (033) 474-7674

E.mail : mcscl@2.vsnl.net.in

11.5 Annual General Meeting :

Date, time and venue

Date : Saturday, 12th October, 2002

Time : 4.00 p.m.

Venue : Registered Office: PO & Village: Rawan,
Tehsil: Baloda Bazar, District: Raipur
Chhattisgarh, PIN 493 331.

11.6 Book Closure :

The Share Transfer Books and the Register of Members shall remain closed from 28th August, 2002 to 3rd September, 2002. Notice to this effect has been sent to all the Stock Exchanges where the shares of the company are listed as per Listing Agreement.

11.7 Listing of Shares :

The company's equity shares are listed at the following Stock Exchanges :-

1. Madhya Pradesh Stock Exchange, (Regional Stock Exchange)
201, Palika Plaza II, M T H Compound, Indore - 452 001.
2. The Stock Exchange, Mumbai
P J Towers, 27th Floor, Dalal Street, Mumbai - 400 001.
3. The Delhi Stock Exchange Association Ltd.
'DSE House', 3/1, Asaf Ali Road, New Delhi - 110 002.
4. Bhubaneswar Stock Exchange
A-22, Falcon Hose, Netaji Subhas Marg, Bhubaneswar - 751 006.

The Company is in the process of seeking voluntary delisting of its shares from the Bhubaneswar Stock Exchange. For this purpose, an application has been made to the Exchange and all the formalities as required under the Listing Agreement have been completed. The application is under process by the Exchange.

11.8 Listing Fees :

The Company has paid listing fees for the financial year 2002-03 to all the Stock Exchanges at in which its shares are listed.

11.9 Market Price Data :

The details of monthly high / low market price of the company's shares at the Stock Exchange, Mumbai are given below. The company's shares have been traded only at this exchange during the year.

Month	High	Low	Month	High	Low
July'01	17.80	14.10	Jan'02	16.95	15.00
Aug'01	16.20	14.00	Feb'02	14.25	13.60
Sep'01	15.70	12.10	Mar'02	14.35	12.15
Oct'01	16.55	12.15	Apr'02	14.40	11.10
Nov'01	20.40	17.50	May'02	13.45	11.15
Dec'01	19.30	12.60	June'02	16.80	14.00

11.10 Distribution of Shareholding :

The Shareholding distribution of equity shares as on 30th June, 2002 is as follows :

Slab		No. of shareholders		No. of equity shares	
No. of shares	Total	% of shareholders	Total	% to share capital	
1-500	133755	99.29	6420380	3.33	
501-1000	605	0.45	438707	0.22	
1001-2000	221	0.16	307450	0.16	
2001-3000	73	0.05	183926	0.1	
3001-4000	20	0.01	68555	0.04	
4001-5000	14	0.01	65043	0.03	
5001-10000	13	0.01	96059	0.05	
10001- 50000	15	0.01	287534	0.15	
50001 and above.	4	0.01	184584041	95.91	
TOTAL	134720	100.00	192451695	100.00	

11.11 Shareholding pattern :

The shareholding pattern in the company as on 30th June, 2002 is as under :

Sl. No.	Category	No. of shares	% holding
A.	Promoter's holding		
1.	Indian promoters	181,057,827	94.08
	Foreign promoters	Nil	Nil
2.	Persons acting in concert	Nil	Nil
	Sub-total	181,057,827	94.08
B.	Non-promoters' holding		
3.	Institutional Investors		
a.	Mutual funds and UTI	433,688	0.23
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions /Non-Govt. Institutions)	9,707	0.00
c.	FII's	Nil	Nil
	Sub-total	443,395	0.23
4.	Others		
a.	Private Corporate Bodies	3,456,633	1.80
b.	Indian Public	7,006,922	3.64
c.	NRIs/OCBs	486,918	0.25
d.	Any other (Specify)	Nil	Nil
	Sub-total	10,950,473	5.69
	GRAND TOTAL	192,451,695	100.00

11.12 Dematerialisation of shares :

The company's shares are under demat mode. The ISIN no. of the company is INE073B01017. Members who are desirous of holding their shares in demat form are requested to apply to their Depository participants in prescribed Demat Requisition Form alongwith original Share Certificate(s).

95.15 % of total capital is held in demat form as on 30th June, 2002.

11.13 Share Transfer System :

The shares sent for transfer in physical form are registered by our Registrars and Share Transfer Agents within 30 days of receipt of documents, if documents are found to be in order. Shares under objection are returned within two weeks. The Share Transfer Committee meets generally once a fortnight to consider the transfer applications.

11.14 Shareholder complaints :

The number of shares pending for transfer as on 30th June, 2002 were 75 shares.

Out of the letters/complaints received from investors during the year, 129 letters/complaints were under process for reply as on 30th June, 2002. The above letters/complaints relates to dematerialisation of shares, correction of name, requests for deletion of name, noting of mandate, non-receipt of share certificates etc.

11.15 Financial Calendar 2002-03 :

- First Quarterly Results : By the end of October, 2002
- Second Quarterly / half yearly Results : By the end of January, 2003
- Third Quarterly Results : By the end of April, 2003
- Annual Results for the year ending 30th June, 2003 : By the end of August, 2003
- 21st Annual General Meeting : By November, 2003

11.16 Dividend :

The Company has not declared any dividend for the year ended 30th June, 2002 in view of accumulated losses.

COMPLIANCE CERTIFICATE

To
The Members of
Ambuja Cement Eastern Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by Ambuja Cement Eastern Limited, for the year ended on 30th June, 2002, as stipulated in clause 49 of the Listing agreement of the said Company with stock exchanges in India. We have conducted our review on the basis of the relevant records and documents maintained by the Company for the year ended 30th June, 2002 and furnished to us for the purpose of the review and the information and explanations given to us by the Company during the course of such review.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

No investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For LODHA & CO.
Chartered Accountants

R. P. Singh
Partner

Mumbai,
24th July, 2002

For N. M. RAIJI & CO.
Chartered Accountants

Vinay D. Balse
Partner



AUDITORS' REPORT

TO THE MEMBERS OF AMBUJA CEMENT EASTERN LIMITED

We have audited the attached Balance Sheet of Ambuja Cement Eastern Limited, as at 30th June, 2002, and also the Profit and Loss Account for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit included examining, on a test basis, evidence supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iii) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account;

(iv) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) On the basis of written representations received from the Directors as on 30th June, 2002, and taken on record by the Board of Directors, none of the Directors is disqualified as on 30th June, 2002, from being appointed as a director in terms of clause (g) of Sub-section 1 of Section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view;

(a) in the case of the Balance Sheet, of the state of affairs as at 30th June, 2002; and

(b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For LODHA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

R. P. Singh
Partner

Vinay D. Balse
Partner

Mumbai, 24th July, 2002

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph I of our Report of even date

- | | |
|---|--|
| <p>(i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets register in respect of additions is under compilation. According to information and explanations given to us, all the fixed assets of the Company have been physically verified by the management during the year and no material discrepancies were noticed on such verification.</p> <p>(ii) None of the fixed assets have been revalued during the year.</p> <p>(iii) The stocks of finished goods, stores, spare parts, packing material and raw materials, other than stocks-in-transit have been physically verified during the year by the management. In respect of stock lying with third parties having taken as per the confirmation received from them.</p> <p>(iv) The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(v) The discrepancies noticed on verification between the physical stocks and book records in respect of certain items of inventories at the Bhatapara unit were under reconciliation. Discrepancies in respect of other items as ascertained and reconciled were however, not material.</p> <p>(vi) On the basis of our examination of the stock records, valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.</p> <p>(vii) Terms and conditions of loan taken from the ultimate holding company or companies, firms or other parties in the register maintained under section 301 of the Companies Act, 1956, are not prima facie prejudicial to the interest of the Company. According to the information and explanations given to us, no loan has been taken from companies under the same management, as defined under Section 370(1B) (not operative) of the Companies Act, 1956.</p> <p>(viii) No loans have been granted to companies, firms or other parties as listed in the register under Section 301 of the Companies Act, 1956. According to the information and explanations given to us, no loan has been given to companies under the same management, as defined under Section 370(1B) (not operative) of the Companies Act, 1956.</p> <p>(ix) The principal amounts and interest thereon, wherever applicable, in respect of loans and / or advances in the nature of loans given by the Company to employees have been recovered regularly as stipulated, wherever such stipulation is specified.</p> <p>(x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant & machinery, equipment and other assets, and with regard to the sale of goods.</p> <p>(xi) According to the information and explanation given to us, the transactions of purchase and sales of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are</p> | <p>reasonable, having regard to prevailing market prices available with the Company for such goods and materials or prices at which transactions for similar goods have been made with other parties.</p> <p>(xii) As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.</p> <p>(xiii) The Company has not accepted any deposits from the public during the year.</p> <p>(xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. The Company has no by-products.</p> <p>(xv) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.</p> <p>(xvi) We have broadly reviewed the books of account and records maintained by the Company as prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records and books of account have been made and maintained. We have not, however, made a detailed examination of the said records with a view to determine whether they are accurate.</p> <p>(xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues, have generally been regularly deposited during the year with the appropriate authorities.</p> <p>(xviii) In our opinion and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at the last day of the financial year, for a period of more than six months from the date they became payable.</p> <p>(xix) The Company has a policy of authorising expenditures based on reasonable checks and balances. The policies are intended to ensure that expenses are authorised on the basis of the contractual obligations or accepted business practices considering the business needs and exigencies. Having regard to these, during the course of our examination of books of account carried out in accordance with generally accepted auditing practices, we have not come across any personal expenses which have been charged to Profit and Loss account of the Company.</p> <p>(xx) The Company is not a sick industrial company within the meaning of clause (O) of sub-section(1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985. However, the Company continues to be registered with the Board of Industrial and Financial Reconstruction since the scheme sanctioned by them is under implementation.</p> |
|---|--|

For LODHA & CO.
Chartered Accountants

For N. M. RAIJI & CO.
Chartered Accountants

R. P. Singh
Partner

Vinay D. Balse
Partner

Mumbai, 24th July, 2002

BALANCE SHEET

as at 30th June , 2002

	Schedule	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	19,330.32		19,330.32
Reserves and Surplus	B	3,895.00		2,895.00
			23,225.32	22,225.32
Loan Funds				
Secured Loans	C	20,781.63		22,127.45
Unsecured Loans	D	3,402.45		2,799.35
			24,184.08	24,926.80
TOTAL			47,409.40	47,152.12
APPLICATION OF FUNDS				
Fixed Assets	E			
Gross Block		45,651.12		42,799.02
Less : Depreciation		20,355.67		17,689.85
Net Block		25,295.45		25,109.17
Capital Work-in-Progress		155.76		1,900.35
			25,451.21	27,009.52
Investments	F		0.87	1.87
Current Assets, Loans and Advances	G			
Inventories		3,284.05		3,722.24
Sundry Debtors		2,946.83		2,599.50
Cash and Bank Balances		353.27		506.76
Loans and Advances		1,216.85		1,964.26
		7,801.00		8,792.76
Less : Current Liabilities and Provisions	H			
Liabilities		5,041.44		7,576.06
Provisions		37.29		44.11
		5,078.73		7,620.17
Net Current Assets			2,722.27	1,172.59
Deferred Tax Assets		3,305.22		-
Less : Deferred Tax Liabilities		3,305.22		-
			-	-
Miscellaneous Expenditure (to the extent not written off or adjusted)				
Deferred Revenue Expenses			553.96	103.89
Profit and Loss Account			18,681.09	18,864.25
TOTAL			47,409.40	47,152.12
Notes forming part of the Accounts	N			

As per our attached report of even date

For and on behalf of

LODHA & CO.
Chartered Accountants

N. M. RAJI & CO.
Chartered Accountants

R. P. Singh
Partner

Vinay D. Balse
Partner

R. Kalidas
Company Secretary

Harshavardhan Neotia
Managing Director

Mumbai,
24th July, 2002

PROFIT AND LOSS ACCOUNT

for the year ended on 30th June, 2002

	Schedule	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
INCOME				
Sales		36,635.39		34,406.57
Less : Excise Duty		<u>5,129.86</u>		<u>4,878.89</u>
			31,505.53	29,527.68
Other Income	I		<u>1,006.49</u>	<u>750.43</u>
			<u>32,512.02</u>	<u>30,278.11</u>
EXPENDITURE				
Variation in Stocks	J	441.46		289.90
Manufacturing Expenses	K	16,450.94		14,914.56
Administrative and Selling Expenses	L	10,072.26		11,367.73
Interest and Finance Charges	M	2,252.72		1,149.55
Depreciation and Amortisation		<u>2,700.10</u>		<u>1,867.30</u>
			31,917.48	29,589.04
Profit before exceptional item and taxation			594.54	689.07
Exceptional item - Cess written back			588.62	-
Profit after exceptional item but before taxation			1,183.16	689.07
Provision for Taxation				
Current Tax			-	-
Deferred Tax*			-	-
Net Profit			1,183.16	689.07
Transfer to Debenture Redemption Reserve			1,000.00	600.00
Balance brought forward from previous year			(18,864.25)	(18,953.32)
Balance carried to Balance Sheet			<u>(18,681.09)</u>	<u>(18,864.25)</u>
Earning per Share - Basic and Diluted (in Rupee)			0.61	0.37
Notes forming part of the Accounts	N			

* Refer Note 20 of Schedule 'N'

As per our attached report of even date

For and on behalf of

LODHA & CO.
Chartered Accountants

N. M. RAJJI & CO.
Chartered Accountants

R. P. Singh
Partner

Vinay D. Balse
Partner

Mumbai,
24th July, 2002

For and on behalf of the Board

Anil Singhvi
Director

R. Kalidas
Company Secretary

Harshavardhan Neotia
Managing Director

SCHEDULES 'A' TO 'N'
annexed to and forming part of the Balance Sheet as at and
Profit and Loss Account for the year ended 30th June, 2002

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL			
Authorised			
19,50,00,000 Equity Shares of Rs. 10 each		<u>19,500.00</u>	<u>19,500.00</u>
Issued, Subscribed & Paid-up			
19,24,50,483 Equity Shares of Rs. 10 each fully paid-up. (Refer Note below)		<u>19,245.05</u>	<u>19,245.05</u>
Equity Shares Forfeited (Amount originally paid-up)		<u>85.27</u>	<u>85.27</u>
		<u><u>19,330.32</u></u>	<u><u>19,330.32</u></u>
NOTE :			
Includes 18,10,57,827 Equity Shares of Rs.10 each fully paid-up held by Ambuja Cement India Limited, the holding company which in turn is a subsidiary of Gujarat Ambuja Cements Limited.			
SCHEDULE 'B' – RESERVES AND SURPLUS			
Capital Reserve			
As per last Account		<u>25.00</u>	<u>25.00</u>
Security Premium Account		<u>1,950.00</u>	<u>1,950.00</u>
Debenture Redemption Reserve			
As per last Account	<u>920.00</u>		<u>300.00</u>
Add : Transferred from Profit and Loss Account	<u>1,000.00</u>		<u>620.00</u>
		<u><u>1,920.00</u></u>	<u><u>920.00</u></u>
		<u><u>3,895.00</u></u>	<u><u>2,895.00</u></u>
SCHEDULE 'C' – SECURED LOANS			
a) Debentures			
i) 28,00,000 12.25% Secured Non-Convertible Redeemable Debentures of Rs. 100/- each (Refer Note 1 below)		<u>2,800.00</u>	<u>2,800.00</u>
ii) Zero Interest Privately Placed Secured Debentures Subscribed by Unit Trust of India (Refer Note 2 & 3 below)		<u>45.14</u>	<u>49.40</u>
iii) 100 12.75% Secured Non-Convertible Redeemable Debentures of Rs.1,00,00,000 each (Refer Note 6 below)		<u>10,000.00</u>	<u>10,000.00</u>
b) Rupee Term Loans (Refer Note 2 & 3 below)			
From Financial Institutions		<u>3,208.41</u>	<u>3,511.09</u>
From Banks		<u>294.30</u>	<u>322.28</u>
c) Gujarat Ambuja Cements Limited -Holding Company (Refer Note 3 & 5 below)		<u>1,738.42</u>	<u>1,902.42</u>
d) Working Capital Loans from Banks (Refer Note 4 below)		<u>2,250.38</u>	<u>3,542.26</u>
e) Foreign Currency Short Term Loan from Bank (Refer Note 4 below)		<u>444.98</u>	<u>-</u>
		<u><u>20,781.63</u></u>	<u><u>22,127.45</u></u>

NOTES :

- Issued in terms of Debenture Subscription Agreement dated 09.12.99, the Debentures are to be redeemed at par on different dates commencing from 11.10.2002. The Debentures are secured by mortgage of land /hypothecation of Diesel Generating Set at Bhatapara unit in favour of Trustees for the Debentureholders.

As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
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SCHEDULE 'C' – SECURED LOANS (Contd.)

2. Secured by mortgage of all the Company's immovable properties both present and future and hypothecation of all the movable assets of the Company, save and except specifically demarcated land and housing colony and book debts but including movable machinery spares, tools and accessories, both present and future, subject to prior charges, created in favour of the Company's bankers on specified movables for working capital requirements.

The charges shall rank *pari passu* in favour of the Financial Institutions, Trustees for Zero Interest Secured Debentures subscribed by U.T.I. and Banks.

3. The loans and debentures shall be repaid/redeemed at par in 7 annual instalments commencing from 31st March, 2001 without interest pursuant to the Rehabilitation Scheme sanctioned by Hon'ble BIFR on 05.11.97. The instalment due as on 31st March, 2002 is paid/ redeemed during the year.
4. Secured by hypothecation of Inventories and book debts both present and future and second charge by way of joint mortgage/hypothecation of all the Company's assets both present and future.
5. To be Secured by mortgage of the immovable properties both present and future and hypothecation of movable assets, save and except specified movable assets hypothecated in favour of Company's bankers for working capital requirement. Ranking *pari passu* with other lenders as per a) ii) & b) above.
6. Issued in terms of Debenture Subscription Agreement dated 04.09.2000, the Debentures are to be redeemed at par on different dates commencing from 15.01.2003. The Debentures are secured by mortgage /hypothecation of movable / immovable assets at Sankrail unit in favour of Trustees for the Debentureholders.

SCHEDULE 'D' – UNSECURED LOANS

Short Term Loan from Bank	1,000.00	1,000.00
Deferred Sales Tax Loan	1,833.45	1,412.85
Deferred Entry Tax Loan	569.00	386.50
	<u>3,402.45</u>	<u>2,799.35</u>

SCHEDULE 'E' – FIXED ASSETS

Rs. in lacs

DESCRIPTION	GROSS BLOCK (at cost)				DEPRECIATION				NET BLOCK	
	As at 30.06.2001	Additions	Deductions/ Adjustments	As at 30.06.2002	Up to 30.06.2001	For the Year	Deductions/ Adjustments	Upto 30.06.2002	As at 30.06.2002	As at 30.06.2001
Freehold Land	280.61	18.59	-	299.20	-	-	-	-	299.20	280.61
Leasehold Land	603.31	321.77	9.45	915.63	35.20	35.33	9.45	61.08	854.55	568.11
Buildings	5,023.84	426.93	111.93	5,338.84	591.24	130.57	0.35	721.46	4,617.38	4,432.60
Plant and Machinery**	30,827.82	2,163.63	115.18	32,876.27	15,022.58	2,205.44	9.49	17,218.53	15,657.74	15,805.24
Electrical Installations	1,931.08	31.92	-	1,963.00	825.54	92.41	-	917.95	1,045.05	1,105.54
Furniture, Fixtures and Office Equipment	630.99	90.10	27.83	693.26	283.33	62.18	2.81	342.70	350.56	347.66
Vehicles	132.68	22.71	11.05	144.34	46.28	12.14	5.03	53.39	90.95	86.40
Railway Siding	2,725.29	61.61	9.72	2,777.18	753.39	131.47	7.15	877.71	1,899.47	1,971.90
Leased out :										
Plant and Machinery *	643.40	-	-	643.40	132.29	30.56	-	162.85	480.55	511.11
TOTAL	42,799.02	3,137.26	285.16	45,651.12	17,689.85	2,700.10	34.28	20,355.67	25,295.45	25,109.17
Previous year	26,336.74	16,497.98	35.70	42,799.02	15,831.79	1,874.86	16.80	17,689.85	25,109.17	

Notes:

* 1) Railway wagons given on lease to the Railways under "Own Your Wagon Scheme".

** 2) Additions to Plant & Machinery includes exchange rate difference amounting to Rs.20.17 lacs (Previous year reduction of Rs.9.14 lacs).

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'F' – INVESTMENTS (at cost)			
Long Term Investments (Non Trade)			
In Trust Securities			
Quoted			
13688 Units of US 64 of Unit Trust of India (Gross)	1.87		1.87
Less: Provision for diminution in value of Investments	1.00		-
		0.87	1.87
		0.87	1.87
Market value of Investments		0.87	-
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS			
a) Inventories (As valued & certified by the Management)			
(At lower of cost & net realisable value unless otherwise specified)			
Stores, Spare parts & Packing Materials (including in transit Rs. 2.20 lacs;			
Previous year Rs. 4.87 lacs)		1,874.31	1,701.13
Raw Material			
(including in transit Rs. Nil; Previous year Rs.1.95 lacs)		133.75	219.25
Finished goods		572.53	1,269.70
Materials - in -Process		703.46	532.16
		3,284.05	3,722.24
b) Sundry Debtors (unsecured,considered good except otherwise stated)			
i) Over six months			
Secured (by deposits/ bank guarantees)		7.08	44.26
Unsecured			
Considered Good		14.01	244.60
Considered Doubtful	886.42		662.59
Less : Provision	886.42		662.59
		-	-
		21.09	288.86
ii) Others			
Secured (by deposits/ bank guarantees)	542.74		446.81
Unsecured *	2,383.00		1,863.83
		2,925.74	2,310.64
		2,946.83	2,599.50
* Includes Rs.15.60 Lacs (Previous year Rs. 5.07 lacs) due from a Company under the same management.			
c) Cash and Bank Balances			
Cash in Hand		3.09	6.16
Cheques on Hand and with Banks as Collecting Agency		291.55	416.77
Balance with Scheduled Banks			
In Current Accounts	57.08		83.06
In Saving Accounts	1.55		0.77
		58.63	83.83
		353.27	506.76
d) Loans and Advances (unsecured, considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Unsecured			
Considered Good		706.38	1,054.40
Considered Doubtful	12.25		297.39
Less: Provision for doubtful advances	12.25		297.39
		-	-
		706.38	1,054.40
Carried forward		706.38	1,054.40
Carried forward		6,584.15	6,828.50

	Rs. in lacs	As at 30.06.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SCHEDULE 'G' – CURRENT ASSETS, LOANS AND ADVANCES (Contd.)			
Brought forward		6,584.15	6,828.50
Brought forward		706.38	1,054.40
Tax Deducted at source		8.46	3.40
Deposits		482.70	525.88
Balance with Central Excise		19.31	380.58
		1,216.85	1,964.26
Total (a+b+c+d)		7,801.00	8,792.76

SCHEDULE 'H' – CURRENT LIABILITIES AND PROVISIONS**a) CURRENT LIABILITIES**

Sundry Creditors

Small Scale Industrial Undertakings	–		45.36
Others	3,380.64		5,729.48

	3,380.64		5,774.84
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Security Deposits	1,198.70		1,223.17
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Advance from Customers	190.34		305.42
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Interest accrued but not due on loans	271.76		272.63
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	5,041.44		7,576.06
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b) PROVISIONS

Provision for Leave Encashment	36.38		43.25
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Provision for Wealth Tax	0.91		0.86
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	37.29		44.11
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	5,078.73		7,620.17
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	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 'I' – OTHER INCOME			
Lease Rent		44.76	76.18
Insurance & Other Claims		50.41	36.69
Interest received on Fixed Deposits and others (Tax deducted at source Rs. Nil; Previous year Rs. 1.78 Lacs)		0.46	23.59
Provision/Liabilities no longer required written back		615.41	431.70
Surplus on Sale/ Discard of fixed assets		7.75	0.49
Dividend on Investments in US-64 of Unit Trust of India		–	0.19
Miscellaneous Income		287.70	181.59
		1,006.49	750.43

SCHEDULE 'J' – VARIATION IN STOCKS**OPENING STOCK**

Materials in Process	531.84		720.52
Finished Goods	1,269.70		1,189.97

		1,801.54	1,910.49
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CLOSING STOCK

Materials in Process	703.46		532.17
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Finished Goods	572.53		1,269.70
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		1,275.99	1,801.87
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		525.55	108.62
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Add : Trial Run Stocks

Stock at commencement of commercial production		–	195.31
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Less : Excise Duty		(84.09)	(14.03)
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Decrease in stocks		441.46	289.90
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	Rs. in lacs	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
SCHEDULE 'K' – MANUFACTURING EXPENSES			
Raw Materials consumed		3,553.36	3,638.19
Freight and Handling charges		3,319.35	1,414.32
Power and Fuel		7,003.38	7,539.12
Stores and Spares consumed		926.18	737.16
Packing Materials consumed		1,329.38	1,367.01
Repairs and Maintenance			
Building	53.24		43.97
Machinery	249.31		163.80
Others	16.74		10.99
		319.29	218.76
		16,450.94	14,914.56

SCHEDULE 'L' – ADMINISTRATIVE AND SELLING EXPENSES

Employees' Remuneration and Benefits			
Salaries, Wages, Bonus, Allowances, etc.	1,076.81		825.07
Contribution to Provident & other Funds	142.97		116.64
Welfare Expenses	178.28		152.90
		1,398.06	1,094.61
Railway Siding Operation Expenses			
(Including Rs.77.90 lacs for repairs; Previous year Rs.93.80 lacs).		196.22	173.88
Rent		126.53	137.62
Rates and Taxes		117.28	161.53
Insurance		195.37	133.65
Freight and Forwarding Charges		5,125.00	6,981.78
Brokerage and Discount		1,197.63	1,360.39
Advertisement and Publicity		405.47	362.69
Miscellaneous Expenses		904.28	801.60
Directors' Fees		0.36	0.26
Loss on Assets discarded / sold		1.61	17.66
Sundry Doubtful Debts & Advances written off	285.62		475.01
Less: Provision made in earlier years	285.62		475.01
		-	-
Provision for Doubtful Debts and Advances		225.55	93.24
Sundry Debit Balances and Claims Written off		7.12	6.49
Part of Deferred Revenue expenditure, written off		159.39	37.33
Expenses relating to Previous Years (net)		8.02	6.33
Exchange Rate Difference (net)		3.88	(1.77)
Provision for Wealth Tax		0.49	0.44
		10,072.26	11,367.73

SCHEDULE 'M' – INTEREST & FINANCE CHARGES

Interest			
On Debentures	1,618.00		604.58
On Others	557.55		469.46
		2,175.55	1,074.04
Finance Charges		77.17	75.51
		2,252.72	1,149.55

SCHEDULE 'N' – SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS**1. Significant Accounting Policies :**

- a) **System of Accounting :**
 - i) Financial Statements are based on historical cost.
 - ii) The company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- b) **Fixed Assets :**
Fixed Assets are stated at cost of acquisition/installation.
- c) **Depreciation and Amortisation :**
 - i) Depreciation on all assets is being provided on the "Straight Line Method" in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants have been considered on technical assessment and depreciation is provided accordingly. Leasehold land is amortised over the period of lease.
 - ii) Depreciation on increase/decrease in value of Fixed Assets due to foreign exchange fluctuations has been provided on the basis of residual life of the asset.
 - iii) Assets of small value and of non-durable nature are written off in the year of purchase.
- d) **Expenditure During Construction Period :**
Expenditure during construction period in respect of new projects are included under capital work in progress and same are allocated to the fixed assets on the commissioning of the projects. Expenses, which cannot be allocated to the projects, are treated as deferred revenue expenditure.
- e) **Investments :**
Investments are valued at cost of acquisition. Temporary diminution, if any, in the value of such investments is not recognised.
- f) **Valuation of Inventories :**
 - i) Inventories are valued at lower of cost and net realisable value. The cost is computed on weighted average basis.
 - ii) Cost for the purpose of valuation of Finished Goods and Material in process is computed on the basis of cost of material, labour and other related overheads.
 - iii) Scrap stock is valued at estimated realisable value.
 - iv) Insurance spares are amortised upon useful life of the respective fixed assets.
- g) **Foreign Currency Conversion :**
Foreign Currency Loan and current liabilities outstanding at the close of the financial year are revalued at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease / increase in Rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets if it relates to acquisition of assets and is charged to Profit & Loss Account in other cases.
- h) **Sales :**
 - i) Sales are recognised on despatch of goods to the customers.
 - ii) Export sales are accounted on the basis of Bill of Lading date.
- i) **Research & Development :**
Revenue Expenditure on Research and Development is charged to Profit & Loss Account of the year in which it is incurred. Capital Expenditure on Research and Development is shown as an addition to Fixed Assets.
- j) **Employees' Retirement Benefits :**
 - i) Retirement benefits namely Provident Fund and Pension Schemes etc., whether in pursuance of any law or otherwise, are accounted on accrual basis and charged to Profit and Loss Account of the year.
 - ii) Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation policy of Life Insurance Corporation of India.
 - iii) Contribution for the employees covered under the Superannuation Scheme of the Company is being made to an approved Superannuation Fund, which fully covers the same under the policy of Life Insurance Corporation of India.
 - iv) Provision for accrued leave encashment is made on the basis of actuarial valuation.
- k) **Miscellaneous Expenditure :**
Items included in the Miscellaneous Expenditure including payments made on account of Voluntary Retirement Scheme are treated as Deferred Revenue Expenditure and are amortised over a period of 5 years.
- l) **Borrowing Costs :**
Borrowing costs incurred in relation to the acquisition and construction of assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.
- m) **Provision for Taxation :**
Provision for tax is made by applying the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in one or more subsequent periods, are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets are not recognised unless there is sufficient assurance with respect to the reversal of the same in future years.

	30.06.2002	30.06.2001
	Rs. in lacs	Rs. in lacs
2. Contingent liabilities not provided for in respect of :		
i) Claims against the company not acknowledged as debts.	360.79	372.20
ii) Income Tax Demands (including interest) - matter under appeal	35.27	35.27
iii) Excise Demands - matter under appeal	534.06	604.30
iv) Sales Tax demands - matter under appeal/revisions	525.75	552.90
v) Claim relating to Royalty on Limestone - matter pending in High Court	476.95	476.95
vi) Disputed liabilities relating to interest on enhanced royalty on Coal - matter pending in High Court	54.77	54.77
vii) Bill discounted with Banks (Since realised)	29.20	-

SCHEDULE 'N' – SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS (Contd.)

		30.06.2002 Rs. in lacs	30.06.2001 Rs. in lacs
3.	Estimated Amount of contracts remaining to be executed on Capital Account and not provided for (Net of advances)	379.53	113.83
4.	Miscellaneous expenses includes payments to auditors:		
a)	Statutory Auditors		
i)	As Auditors	5.04	3.25
ii)	In other capacity :		
a)	For Tax Audit	0.37	0.50
b)	Certification Work	1.05	-
c)	Accounting and other services	1.42	1.10
iii)	Reimbursement of Expenses	1.93	0.84
		9.81	5.69
b)	Cost Auditors :		
	As Cost Auditors	0.29	0.28
		0.29	0.28
5.	Managerial Remuneration :		
	Salaries & Allowances	31.50	4.50
	Contribution to Provident & Other Funds	2.16	-
	Perquisites	8.31	17.87
		41.97	22.37
6.	Licensed & Installed Capacity, Production, Stocks & Turnover :		
	Class of Goods - Cement		
		2001-2002	2000-2001
		Quantity (MT)	Quantity (MT)
		Value Rs. in lacs	Value Rs. in lacs
i)	Licensed capacity (a)	2,200,000	2,200,000
ii)	Installed capacity (b)	2,000,000	2,146,000
iii)	Production	1,436,603	1,399,010
iv)	Stocks :		
	Opening	62,520	59,899
	Closing	31,138	62,520
v)	Turnover		
	Cement (c)	1,465,558	1,403,064
	Clinker	17,409	32,409
		36,635.39	34,406.57
vi)	Shortage, samples, handling loss etc.	2,427	1,894
	Notes:		
a)	The Company's product is exempt from Licensing requirements under New Industrial Policy in terms of Notification No. S.O. 477 (E) dated 25th July, 1991.		
b)	As certified by the management and being a technical matter accepted by Auditors.		
c)	Includes self-consumption 908 MT (Previous year 13,141 MT) at market value for capital and revenue jobs.		
7.	Raw Materials consumed - Indigenous :		
i)	Limestone raised by the Company	1,544,847	1,586,500
ii)	Gypsum	85,579	90,401
iii)	Slag	223,288	289,148
iv)	Iron Ore	7,794	14,858
v)	Fly Ash	151,165	38,770
vi)	River Sand	1,207	36
vii)	Sand stone	8,643	612
viii)	Clinker (Purchased)	21,979	-
ix)	Others	-	-
		3,553.36	3,638.19

SCHEDULE 'N' – SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	2001-2002		2000-2001	
	Value Rs. in lacs	Percentage	Value Rs. in lacs	Percentage
8. Imported & Indigenous Spare Parts & Components consumed :				
i) Imported	91.98	20.27	23.54	8.42
ii) Indigenous	361.87	79.73	256.01	91.58
	<u>453.85</u>	<u>100.00</u>	<u>279.55</u>	<u>100.00</u>
			2001-2002	2000-2001
			Rs. in lacs	Rs. in lacs
9. CIF value of Imports :				
Spares			134.75	45.86
Capital Goods			–	268.69
10. Expenditure in Foreign Currency :				
Travelling			0.30	2.58
Other Expenses			7.89	12.71
11. Earnings in Foreign Currency :				
F.O.B. Value of Exports			257.08	400.39
12. The expenses directly charged to Raw Material (Limestone) include :-				
Particulars				
Salaries, Wages & other allowances			79.23	74.39
Contribution to Provident Fund			13.36	10.94
Staff Welfare			3.50	3.37
Consumption of Stores & Spares			237.56	324.65
Royalty & Cess			633.39	626.02
Repairs to Building			0.20	0.02
Rates & Taxes			0.07	0.08
Power & Fuels			187.77	196.67
Repairs to Machinery			57.98	74.21
Miscellaneous Expenses			33.68	45.92
			<u>1,246.74</u>	<u>1,356.27</u>
13. The expenses directly charged to Power & Fuel (Captive Power Generation) includes :-				
Furnace Oil			2,199.26	2,224.03
Diesel			54.17	100.30
Oil & Lubricants			31.31	41.09
Stores & Spares			180.14	150.72
Electricity Duty			17.56	50.10
Miscellaneous Expenses			59.52	46.15
			<u>2,541.96</u>	<u>2,612.39</u>
14. A) Capital work-in-progress includes the following pending allocation:				
Salaries, Wages, Bonus, Allowances etc.			–	60.19
Contribution to Provident & other funds			–	4.92
Welfare Expenses			–	14.07
Consumption of Stores & Spares			–	22.52
Rent			–	10.03
Freight and transport charges			–	11.10
Insurance			–	49.70
Travel & Conveyance expenses			–	33.25
Repairs and maintenance-Buildings			–	0.22
Repairs and maintenance-Others			–	9.27
Carried forward			–	215.27

SCHEDULE 'N' – SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
Brought forward	–	215.27
Power & Fuels	–	46.29
Interest & Finance charges	48.77	1,223.65
Depreciation	–	7.56
Exchange fluctuation	–	(9.14)
Miscellaneous expenses	5.41	272.02
Pre-operative expenses (Net)	54.18	1,755.65
Add : Expenditure upto previous year, pending allocation	310.15	599.24
	364.33	2,354.89
Less: Allocated to fixed assets	364.33	2,044.74
Balance transferred to Capital Work-in-Progress	–	310.15

B) Machinery-in-transit Rs. Nil (Previous year Rs. 4.61 lacs) and Capital advances Rs. 1.43 lacs (Previous year Rs 7.27 lacs).

15. Related Party Disclosures as required as per Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, are as below :-

- a. Enterprises where control exists -
 - Gujrat Ambuja Cements Limited, ultimate holding company
 - Ambuja Cement India Limited, holding company
- b. Key Management Personnel -
 - Mr. Harshavardhan Neotia, Managing Director
- c. Other related parties with whom transactions have been taken place during the year :
 - Fellow Subsidiary -
 - GGL Hotel and Resort Company Limited
 - Associate Concern -
 - Bengal Ambuja Housing Development Limited

d. The Company's related party transactions during the year and outstanding balances as at 30.06.2002 are as below:

	Rs. in lacs			
Nature of Transaction	Holding Company	Fellow Subsidiary	Associate Concern	Key Management Personnel
Income				
Sale of fixed assets	7.72	–	–	–
Sale of cement	364.78	–	57.86	–
Other receipts	0.87	1.46	25.20	–
Expense				
Purchase of Stores & Spares	18.39	–	7.89	–
Charges for services (net)	7.79	1.27	–	–
Other expenses	4.16	2.14	–	–
Reimbursement of expenses	6.25	–	–	–
Interest on loan	98.25	–	–	–
Managerial Remuneration	–	–	–	41.97
Liabilities				
Repayment of loan	1,264.00	–	–	–
Balance as at the year end				
Loan	1738.42 Cr	–	–	–
Debtors	0.86 Dr	–	15.60 Dr	–

- e. Guarantees and collaterals issued on behalf / by the company Rs. Nil
- f. Provision for doubtful debts, amount written off and written back is Rs. Nil
- g. The above related party information have been disclosed to the extent such parties have been identified by the management on the basis of information available. This has been relied upon by the Auditors.

SCHEDULE 'N' – SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS (Contd.)

16. Research and Development expenditure amounting to Rs. 27.45 lacs (Previous year Rs. 20.49 Lacs) has been debited to respective heads of accounts.
17. The Company has made provision of Rs. 588.62 lacs in earlier years in respect of cess on limestone and coal. Based on favourable judgement on similar matters delivered by Hon'ble Supreme Court on 31st July, 2001 and in view of the legal opinion obtained by the Company, the said provision has been considered to be no longer payable and the same has been written back in these accounts.
18. The company's operation comprises of only one primary segment viz., manufacturing and sale of cement. Further, since virtually all sales are effected in the domestic market, there is only one geographical segment. Therefore, the disclosure requirements for "Segment Reporting" are not applicable to the company.

19. Earnings per Share :

Net Profit as per Profit & Loss Accounts	Rs. 1,183.16 lacs (Previous year Rs. 689.07 lacs)
Weighted Average number of fully paid up equity shares of Rs. 10/- each	192450483 Equity Shares (Previous year 185299798 Equity Shares)
Earning per Share	Re. 0.61 (Previous year Re. 0.37)

20. In accordance with Accounting Standard 22, "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the Company has accounted for deferred tax liabilities of Rs. 3,305.22 lacs. The company also has deferred tax assets of Rs. 13,576.01 lacs by way of carried forward losses and unabsorbed depreciation under the Income Tax Act, 1961, out of which as a matter of prudence, deferred tax assets only to the extent of the amount of deferred tax liabilities, as above, have been recognised. Accordingly, there is no impact of the same in these Accounts.

The major components of Deferred Tax Assets and Liabilities as recognised in these accounts are as follows :-

	Rs. in lacs
Deferred Tax Assets :	
Unabsorbed depreciation, Investment allowance and	
Carried forward losses	3,305.22
	<u>3,305.22</u>
Deferred Tax Liabilities :	
Depreciation differences	3,285.19
Deferred revenue expenditure	20.03
	<u>3,305.22</u>

21. i) Previous years figures have been regrouped or rearranged wherever considered necessary.
- ii) Figures in Balance Sheet and Profit & Loss Account and Notes have been rounded off to the nearest thousand and have been expressed in terms of decimals of thousands.



Signatures to Schedules 'A' to 'N'

As per our attached report of even date

For and on behalf of

LODHA & CO.
Chartered Accountants

N. M. RAJI & CO.
Chartered Accountants

R. P. Singh
Partner

Vinay D. Balse
Partner

R. Kalidas
Company Secretary

Harshavardhan Neotia
Managing Director

Mumbai,
24th July, 2002

For and on behalf of the Board

Anil Singhvi
Director

CASH FLOW STATEMENT for the year ended 30th June, 2002

(Pursuant to the listing agreement with Stock Exchanges)

	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES	594.54	689.07
Adjustment for:		
Depreciation & Amortisation	2,700.10	1,867.30
Surplus on sale/discard of assets	(7.75)	(0.49)
Loss on sale/discard of assets	1.61	17.66
Part of Deferred revenue expenditure, written off	159.39	37.33
Interest Expenditure	2,175.55	1,074.04
Interest Income	(0.46)	(23.59)
Dividend Income	-	(0.19)
Provision for doubtful debts & advances	225.55	93.24
Sundry debit balances and claims written off	7.12	6.49
Diminution in value of investments	1.00	-
Exchange rate difference (Net)	3.88	(1.77)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,860.53	3,759.09
Adjustment for:		
Trade and other receivables	173.56	(596.04)
Inventories	438.19	(344.29)
Trade payable	(2,540.13)	(1,797.97)
Miscellaneous expenditure	(609.46)	(101.32)
CASH GENERATED FROM OPERATIONS	3,322.69	919.47
Direct Taxes paid	(5.50)	0.08
CASH FLOW BEFORE EXTRAORDINARY ITEM	3,317.19	919.55
Extraordinary Item	588.62	-
NET CASH FROM OPERATING ACTIVITIES	3905.81	919.55
B) CASH FLOW FROM INVESTING ACTIVITIES		
Addition to fixed assets	(1,392.67)	(12,129.26)
Sale of fixed assets	257.02	1.74
Interest received	0.46	23.59
Dividend from units received	-	0.19
NET CASH USED IN INVESTING ACTIVITIES	(1,135.19)	(12,103.74)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	3,450.00
Interest paid	(2,176.42)	(848.87)
Repayment of Loans	(1,350.79)	(11,848.72)
Proceeds from Loans	603.10	19,837.95
NET CASH FLOW FROM FINANCING ACTIVITIES	(2,924.11)	10,590.36
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(153.49)	(593.83)
CASH AND CASH EQUIVALENTS AS AT 1.7.2001 (Opening Balance)	506.76	1,100.59
CASH AND CASH EQUIVALENTS AS AT 30.6.2002 (Closing Balance)	353.27	506.76
Notes: 1. Cash and cash equivalents include		
Cash and bank balances	61.72	89.99
Cheques in hand and with banks as collecting agency.	291.55	416.77
2. Previous year figures have been regrouped or rearranged wherever considered necessary.		

For and on behalf of the Board
Anil Singhvi
Director

R. Kalidas
Company Secretary

Harshavardhan Neotia
Managing Director

Mumbai,
24th July, 2002

AUDITORS' CERTIFICATE

To
The Board of Directors
Ambuja Cement Eastern Limited
Mumbai

We have examined the attached Cash Flow Statement of Ambuja Cement Eastern Limited for the year ended 30th June, 2002. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report of 24th July, 2002, to the members of the Company and reallocation required for the purpose are as made by the Company.

For and on behalf of
LODHA & CO.
Chartered Accountants

For and on behalf of
N. M. RAJI & CO.
Chartered Accountants

R. P. Singh
Partner

Vinay D. Balse
Partner

Mumbai,
24th July, 2002



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details			
	Registration No.	10-3076	State Code	10
	Balance Sheet Date	30.06.2002		
II.	Capital Raised During the Year (Amount in Rs. thousands)			
	Public Issue	—	Rights Issue	—
	Bonus Issue	—	Private Placement	—
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)			
	Total Liabilities	4,740,940	Total Assets	4,740,940
	Paid-up Capital	1,933,032	Reserves & Surplus	389,500
	Unsecured Loans	340,245	Secured Loans	2,078,163
	Application of Funds			
	Net Fixed Assets	2,545,121	Investments	87
	Net Current Assets	272,227	Misc. Expenditure	55,396
	Accumulated Losses	1,868,109		
IV.	Performance of Company (Amount in Rs. Thousands)			
	Turnover	3,663,539	Total Expenditure	3,704,734
	Profit /(Loss) before Tax	118,316	Profit /(Loss) after Tax	118,316
	Earning per Share in Rs.	0.61	Dividend %	—
V.	Generic Name of Principal Product of the Company			
	Item Code No. (ITC Code)	252329.01		
	Product Description	Other Grey Portland Cement		

For and on behalf of the Board

Anil Singhvi
DirectorR. Kalidas
Company Secretary
Harshavardhan Neotia
Managing DirectorMumbai,
24th July, 2002

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT AMBUJA CEMENTS LIMITED AND ITS SUBSIDIARIES

TO THE BOARD OF DIRECTORS OF
GUJARAT AMBUJA CEMENTS LIMITED

We have examined the attached consolidated Balance Sheet of Gujarat Ambuja Cements Limited and its subsidiaries as at 30th June, 2002, the Consolidated Profit and Loss Account for the year then ended.

These financial statements are the responsibility of the Gujarat Ambuja Cements Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not jointly audit any of the subsidiaries whose financial statements reflect total Assets of Rs. 199825.13 lacs as at 30th June, 2002 and total revenue of Rs. 40626.97 lacs for the year then ended. While the financial statements of one of the subsidiaries have been audited by one of us as a sole auditor and those of a sub-subsidiary have been audited by one of us as a joint auditor with another auditor firm, the financial statements of other subsidiaries have been audited/reviewed by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the Subsidiaries audited by other auditors (excluding two instances referred to above), is based solely on the report of the other auditors.

We report that the consolidated financial statements

have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Gujarat Ambuja Cements Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Gujarat Ambuja Cements Limited and its aforesaid subsidiaries, we are of the opinion that the said Consolidated Financial Statements read with (i) Note No. 8(a) - relating to change in method of accounting for provision for income-tax, (ii) Note No. 13(b) - relating to receivables on account of power subsidy disputed by the Government of Himachal Pradesh and (iii) Note No. 14 - relating to amount strategically invested in and loan given to Ambuja Cement Rajasthan Limited, an associate Company, registered with BIFR and other notes thereon give a true and fair view.

- (a) in case of Consolidated Balance Sheet of the Consolidated State of Affairs of Gujarat Ambuja Cements Limited and its subsidiaries as at 30th June, 2002.
- (b) in the case of the Consolidated Profit and Loss Account of the Consolidated results of operations of Gujarat Ambuja Cements Limited and its subsidiaries for the year then ended.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Y. C. Amin
Partner

Mumbai, 20th August, 2002

For and on behalf of
N. M. RAIJI & CO.
Chartered Accountants

A. R. Gandhi
Partner

CONSOLIDATED BALANCE SHEET as at 30th June, 2002

	Schedule	Rs. in lacs	As at 30.06.2002 Rs. in lacs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	15,516.79	
Share Application Money		5.62	
Employee Stock Option outstanding		10.18	
Reserves and Surplus	B	117,390.38	
			132,922.97
Minority Interest			46,094.33
Amount Received against issue of warrants [Refer Note 10(b)]			1,800.00
Deferred Tax Liability, net (Refer Note 7)			22,276.58
Loan Funds			
Secured Loans	C	140,104.03	
Unsecured Loans			
99,300 1% Foreign Currency Convertible Bonds of			
US\$ 1,000 each (Refer Note 9)		46,137.26	
Others	D	17,166.05	
		63,303.31	
			203,407.34
TOTAL			406,501.22
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		346,388.86	
Less : Depreciation		109,327.16	
Net Block		237,061.70	
Capital Work in Progress (Refer Note 17)		6,195.71	
		243,257.41	
Advances against capital expenditure		1,209.38	
			244,466.79
Investments	F		113,969.27
Current Assets, Loans and Advances			
Inventories	G	24,881.91	
Sundry Debtors	H	7,043.90	
Cash and Bank Balances	I	7,953.37	
Other Current Assets	J	2,408.91	
Loans and Advances	K	34,259.15	
		76,547.24	
Less: Current Liabilities and Provisions :	L		
Liabilities		25,997.49	
Provisions		3,467.42	
		29,464.91	
Net Current Assets			47,082.33
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	M		982.83
TOTAL			406,501.22
Notes forming part of Accounts	S		

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered AccountantsFor and on behalf of
N. M. RAJI & CO.
Chartered Accountants

For and on behalf of the Board

Y. C. Amin
PartnerA. R. Gandhi
PartnerN. S. Sekhsaria
Managing DirectorB. L. Taparia
Whole-time Director &
Company SecretaryAnil Singhvi
Whole-time Director

Mumbai, 20th August, 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2002

	Schedule	Rs. in lacs	2001-2002 Rs. in lacs
INCOME			
Sales/Operating Income :			
Sales and Services		197,901.96	
Adjustments relating to previous years		37.55	
			197,939.51
Other Income	N		3,589.59
Variation in Stocks	O		(1,779.47)
			199,749.63
EXPENDITURE			
Manufacturing and Operating Expenses	P	77,555.97	
Purchase -Equity Shares		86.70	
Excise Duty		24,930.29	
Administrative and Selling Expenses	Q	44,626.96	
Interest and Finance Charges, (net)	R	11,986.13	
Depreciation and Amortization		17,402.19	
			176,588.24
Profit before Tax			23,161.39
Provision for Current Tax			1,661.79
Profit after Current Tax			21,499.60
Provision for Deferred Tax (Refer Note 7)			2,831.96
Profit for the year			18,667.64
Less: Minority Interest for the year			697.14
			17,970.50
Balance as per last Account			1,887.12
Adjustments in respect of Prior years :			
Depreciation and Amortization (net)		(38.05)	
Exceptional items - Cess written back (Refer Note 15)		588.62	
Income Tax (Refer Note 8)		(725.00)	
Wealth Tax		4.29	
			(170.14)
Transferred from Debenture Redemption Reserve			6,249.94
Transferred to Debenture Redemption Reserve		11,364.47	
Transferred to General Reserve		4,000.00	
			15,364.47
Less: Transferred to Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934			0.83
			10,572.12
Dividend on Equity Shares, Subject to deduction of tax :			
Interim Dividend		6,207.58	
Proposed Final Dividend		3,103.79	
			9,311.37
Balance carried to Balance Sheet			1,260.75
Notes forming part of the Accounts	S		
Earnings Per Share (Refer Note 6):			
Basic			Rs. 11.48
Diluted			Rs. 10.27

As per our attached report of even date

For and on behalf of
DALAL & SHAH
Chartered AccountantsFor and on behalf of
N. M. RAJJI & CO.
Chartered Accountants

For and on behalf of the Board

Y. C. Amin
PartnerA. R. Gandhi
PartnerN. S. Sekhsaria
Managing DirectorB. L. Taparia
Whole-time Director &
Company SecretaryAnil Singhvi
Whole-time Director

Mumbai, 20th August, 2002

SCHEDULES 'A' TO 'S'
annexed to and forming part of the Consolidated Balance Sheet as at and
Consolidated Profit and Loss Account for the year ended 30th June, 2002

	Rs. in lacs	As at 30.06.2002 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL		
Authorised :		
25,00,00,000 Equity Shares of Rs. 10 each	25,000.00	
15,00,00,000 Preference Shares of Rs. 10 each	15,000.00	
		<u>40,000.00</u>
Issued :		
15,53,32,610 Equity Shares of Rs. 10 each		<u>15,533.26</u>
		<u>15,533.26</u>
Subscribed :		
15,51,89,921 Equity Shares of Rs. 10 each fully called up		15,518.99
Less: Allotment and Call money in arrears (other than Directors)		2.20
		<u>15,516.79</u>
Notes :		
Out of above Equity Shares :		
1) 10,45,35,395 Shares of Rs. 10 each, have been issued as fully paid up Bonus Shares by way of capitalisation of Security Premium Account and Capital Redemption Reserve Account.		
2) 49,08,548 Shares have been issued against exercise of Tradable Warrants attached to 18.5% Secured Redeemable Non-Convertible Debentures.		
3) 1,24,94,190 Shares have been issued on conversion of 15,997 3.5% Foreign Currency Convertible Bonds of US \$ 5000 each.		
SCHEDULE 'B' – RESERVES AND SURPLUS		
Capital Reserve :		
(a) Cash Subsidies from Govt. and other authorities :		
As per last Account	126.43	
Add : Received during the year	5.00	
		<u>131.43</u>
(b) Grant - in - aid Subsidy from DANIDA		<u>11.61</u>
(c) Modvat/Cenvat Credit availed on Capital Goods : (Refer Note 18)		
As per last Account	7,142.72	
Add : Availed during the year	815.44	
	<u>7,958.16</u>	
Less : Claims withdrawn and adjustments relating to earlier year	35.73	
	<u>7,922.43</u>	
(d) Capital Reserve on Consolidation	2.58	
		<u>8,068.05</u>
Security Premium Account :		
As per last Account	32,296.81	
Add: Bond Issue Expenses excess provided in previous year, added back	47.11	
	<u>32,343.92</u>	
Less : Capitalised-Issue of Bonus Shares	0.20	
	<u>32,343.72</u>	
Less : Share, Debenture and Bond Issue Expenses	90.13	
	<u>32,253.59</u>	
Add : Received during the year	17,271.16	
		<u>49,524.75</u>
Investment Allowance (Utilised) Reserve Account		<u>1,550.00</u>
Carried forward		<u>59,142.80</u>

	Rs. in lacs	As at 30.06.2002 Rs. in lacs
SCHEDULE 'B' – RESERVES AND SURPLUS (Contd.)		
Brought forward		59,142.80
Debenture Redemption Reserve		
As per last Account	21,818.31	
Less : Transferred to Profit and Loss Account	6,249.94	
	15,568.37	
Add : Set Aside this year	11,364.47	
		26,932.84
Capital Redemption Reserve Account		10,000.00
Contingency Reserve		5,309.35
General Reserve		
As per last Account	30,266.93	
Less : Deferred Tax Liability as on 1st July, 2001 (Refer Note 7)	19,444.62	
	10,822.31	
Add : Set aside this year	4,000.00	
	14,822.31	
Less: Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries	90.15	
		14,732.16
Reserve Fund in terms of Section 45-IC(1) of Reserve Bank of India Act, 1934 :		
As per last Account	11.65	
Add: Set aside this year	0.83	
		12.48
Surplus as per Profit and Loss Account		1,260.75
		<u>117,390.38</u>

SCHEDULE 'C' – SECURED LOANS

(a) Secured Redeemable Non-Convertible Debentures and Bonds (Refer Note 1 below)	113,045.14
(b) Term Loans :	
From Financial Institutions (Refer Note 2(a) below)	4,664.92
From Banks (Refer Note 2(b) below)	15,783.40
(c) Foreign Currency Term Loan from Banks (Refer Note 3 below)	4,357.78
(d) From Banks (Refer Note 4 below)	2,252.79
	<u>140,104.03</u>

Notes:

1. Secured Redeemable Non-Convertible Debentures and Bonds comprise of:

A	640	14.00% Secured Redeemable Non-Convertible Step Up Debentures of Rs. 5,00,000 each - Series '8' (Redeemable at par on 26.08.2002)	3,200.00
	50,00,000	13.50% Secured Redeemable Non-Convertible Debentures of Rs. 100 each -Series '9' (Redeemable at par on 07.01.2004)	5,000.00
	20,00,000	13.50% Secured Redeemable Non-Convertible Debentures of Rs.100 each -Series '10' (Redeemable at par on 06.03.2004)	2,000.00
	5,00,000	13.50% Secured Redeemable Non-Convertible Debentures of Rs.100 each -Series '11' (Redeemable at par on 30.03.2004)	500.00
		Carried forward	<u>10,700.00</u>

		Rs. in lacs	As at 30.06.2002 Rs. in lacs
SCHEDULE 'C' – SECURED LOANS (Contd.)			
	Brought forward		10,700.00
25,00,000	11.90% Secured Redeemable Non-Convertible Debentures of Rs.100 each -Series '12' (Redeemable at par on 04.11.2002)		2,500.00
25,00,000	12.00% Secured Redeemable Non-Convertible Debentures of Rs.100 each -Series '13' (Redeemable at par in 3 equal annual Instalments on 01.12.2004, 01.12.2005 and 01.12.2006)		2,500.00
70,00,000	12.30% Secured Redeemable Non-Convertible Debentures of Rs.100 each -Series '14' (Redeemable at par on 10.10.2005)		7,000.00
100	11.75% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -Series '15' (Redeemable at par on 12.12.2005)		10,000.00
55	10.65% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each -Series '16' (Redeemable at par on 27.04.2004)		5,500.00
145	11.00% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each Series - '17' (Redeemable at par in 2 equal annual Instalments on 27.04.2005 and 27.04.2006)		14,500.00
50	9.75% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each - Series '18' (Redeemable at par on 11.07.2008 with a put/call option on 11.07.2006)		5,000.00
50	9.60% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each Series- '19' (Redeemable at par on 16.08.2008 with a put/call option on 16.08.2006)		5,000.00
50	8% Secured Redeemable Non-Convertible Debentures of Rs 1,00,00,000 each Series- '20' (Redeemable at par on 06.12.2002)		5,000.00
100	9.28% Secured Redeemable Non- Convertible Debentures of Rs. 1,00,00,000 each Series- '21' (Redeemable at par on 10.01.2007)		10,000.00
25	9.28% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each Series- '22' (Redeemable at par on 18.01.2007)		2,500.00
100	9.25% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each Series- '23' (Redeemable at par on 08.05.2005)		10,000.00
50	9.45% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each Series- '24' (Redeemable at par on 08.02.2007)		5,000.00
25	8.70% Secured Redeemable Non -Convertible Debentures of Rs. 1,00,00,000 each Series- '25' (Redeemable at par on 10.05.2006)		2,500.00
25	8.40% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each Series- '26' (Redeemable at par on 14.05.2007 with a put/call option on 14.05.2005)		2,500.00
B 28,00,000	12.25% Secured Redeemable Non-Convertible Debentures of Rs. 100 each. (Redeemable on different dates commencing from 11.10.2002)		2,800.00
C	Zero Interest Privately Placed Secured Debentures subscribed by Unit Trust of India		45.14
D 100	12.75% Secured Redeemable Non-Convertible Debentures of Rs. 1,00,00,000 each (Redeemable on different dates commencing from 15.01.2003)		10,000.00
			113,045.14

SCHEDULE 'C' – SECURED LOANS (Contd.)

- A. Series No. 8 to 15 and 22 to 24 are secured by way of first *pari passu* charge by mortgage of immovable properties of the three cement plants of Gujarat Ambuja Cements Limited, situated at Ambujanagar, in the state of Gujarat, as covered under respective Trust Deeds.
- Series No. 16 to 21 are secured by way of first *pari passu* charge by mortgage of immovable properties of Gujarat Ambuja Cements Limited situated at Upparwahi, in the state of Maharashtra, as covered under respective Trust Deeds.
- Series No. 25 and 26 are to be secured by way of first *pari passu* charge by mortgage of immovable properties of Gujarat Ambuja Cements Limited, to be covered under respective Trust Deeds. Documents regarding mortgage are under execution.
- B. Secured by mortgage/hypothecation of Diesel Generating Set at Bhatapara in favour of the Trustees for Debentureholders.
- C. Secured by mortgage of all the immovable properties, both present and future, and by hypothecation of all the movable assets of Ambuja Cement Eastern Limited, save and except specifically demarcated land and housing colony and book debts, but including movable machinery spares, tools and accessories, both present and future, subject to prior charges created in favour of the Company's bankers on specified movables for working capital requirements. The charges rank *pari passu* in favour of the Financial Institutions, Trustees for Zero Interest Secured Debentures subscribed by U.T.I. and Banks.*
- D. Secured by mortgage/hypothecation of movable/immovable assets situated at Sankrail in favour of Trustees for the Debentureholders.
2. From Financial Institutions :
- (a) i) Rs. 3208.41 lacs, secured by mortgage of immovable properties, both present and future, and by hypothecation of all movable assets of unit Ambuja Cement Eastern Limited, save and except specifically demarcated land and housing colony and book debts, but including movable machinery spares, tools and accessories, both present and future, subject to prior charges, created in favour of said unit's bankers on specified movables for working capital requirements.*
- ii) Rs. 700 lacs, secured by equitable mortgage of property of GGL Hotel and Resort Company Limited by deposit of title deeds.
- iii) Rs. 756.51 lacs, secured by equitable mortgage of immovable properties and hypothecation of movable assets other than inventory and book debts at the resort hotel at Raichak.
- (b) i) Rs. 15000 lacs, secured by way of first *pari passu* charge by equitable mortgage of all immovable properties, both present and future, situated at Darlaghat in the State of Himachal Pradesh. Documents regarding mortgage are under execution.
- ii) Rs. 294.30 lacs, secured by mortgage of all immovable properties of Ambuja Cement Eastern Limited, both present and future, and hypothecation of all movable asset of the said Company, except specifically demarcated land and housing colony and book debts.*
- iii) Rs. 489.10 lacs, secured by a statutory first mortgage of Ships M.V. AMBUJA SHAKTI AND M.V. AMBUJA KEERTI, together with bare boats and appurtenances.
3. Foreign Currency Term Loan from Banks :
- i) Rs. 3912.80 lacs, secured by hypothecation of four DG sets installed at the Company's plant at Ambujanagar in the state of Gujarat.
- ii) Rs. 444.96 lacs, secured by hypothecation of inventories and book debts of Ambuja Cement Eastern Limited, both present and future, and by a second charge by a way of joint mortgage/hypothecation of all the said Company's assets, both present and future.
4. From Banks:
- i) Rs. 2.41 lacs, secured by hypothecation of inventories and book debts of Gujarat Ambuja Cements Limited.
- ii) Rs. 2250.38 lacs, secured by hypothecation of inventories and book debts of Ambuja Cement Eastern Limited, both present and future, and by a second charge by way of joint mortgage / hypothecation of all the assets of the Company, both present and future.
5. * The loans and debentures are repayable/redeemable at par in 7 annual instalments, commencing from 31st March, 2001, without interest, pursuant to the Rehabilitation scheme sanctioned by BIFR on 5th November, 1997. The instalment due as on 31st March, 2002 has been paid/ redeemed during the year.

As at
30.06.2002
Rs. in lacs

SCHEDULE 'D' – UNSECURED LOANS

Sales Tax Deferment Loan under Sales Tax	
Incentive Scheme of States	3,676.86
Deferred Entry Tax Loan	569.00
Foreign Currency Term Loan from Banks	10,593.91
Short Term Loan from Banks	1,000.00
From Companies	1,326.28
	<u>17,166.05</u>

SCHEDULE 'E' – FIXED ASSETS

DESCRIPTION	GROSS BLOCK (at Cost)				DEPRECIATION			NET BLOCK	
	As at	Additions	Deductions/	As at	Upto	For the	Deductions/	As at	As at
	01.07.2001	(f)	Transfers	30.06.2002	01.07.2001	year (g)	Transfers	30.06.2002	30.06.2002
Goodwill on Consolidation	7,503.34	–	–	7,503.34	2,492.78	750.34	–	3,243.12 (k)	4,260.22
Freehold Land (a)	9,594.21	593.63	–	10,187.84	–	–	–	–	10,187.84
Leasehold Land (b)	1,583.22	321.77	14.74	1,890.25	210.47	70.99	14.74	266.72 (j)	1,623.53
Buildings , Roads and Water Works (c)	31,210.67	6,747.50	424.07	37,534.10	3,570.18	775.48	74.29	4,271.37	33,262.73
Marine Structures (h)	9,490.40	4.43	–	9,494.83	1,564.16	380.84	–	1,945.00 (j)	7,549.83
Plant and Machinery (e)	179,952.42	55,416.45	690.59	234,678.28	67,871.56	13,095.12	129.92	80,836.76	153,841.52
Electrical Installations	15,504.82	5,753.41	5.33	21,252.90	7,827.28	1,463.77	0.82	9,290.23	11,962.67
Railway Sidings and Locomotives(d)	3,885.00	1,910.31	9.72	5,785.59	1,210.40	193.21	7.15	1,396.46	4,389.13
Furniture, Fixtures and Office Equipments	5,032.80	839.05	95.22	5,776.63	2,546.50	532.86	22.43	3,056.93	2,719.70
Ships	7,124.35	31.19	–	7,155.54	2,912.87	548.35	–	3,461.22	3,694.32
Vehicles	1,998.97	502.63	544.71	1,956.89	1,195.68	244.64	416.41	1,023.91	932.98
Leaseout Plant and Machinery	643.40	–	–	643.40	132.29	30.56	–	162.85	480.55
Water Drawing Rights	–	560.50	–	560.50	–	32.56	–	32.56 (j)	527.94
Power Lines (i)	1,968.77	–	–	1,968.77	283.72	56.31	–	340.03 (j)	1,628.74
TOTAL	275,492.37	72,680.87	1,784.38	346,388.86	91,817.89	18,175.03	665.76	109,327.16	237,061.70

(a) Includes Rs. 9.50 lacs, being value of land jointly owned with other parties.

(b) Includes Rs. 444.31 lacs, being the value of Land for which lease deeds are pending execution.

(c) Includes :

i) Premises on ownership basis of Rs. 2,143.04 lacs and cost of shares in Co-operative Societies Rs. 0.78 lac .

ii) Rs. 198.35 lacs, being cost of roads constructed by the Company, ownership of which vests with the Government / Local Authorities and Rs. 21.30 lacs, being the amortization thereof upto 30th June, 2002 and is included in Depreciation.

(d) Includes Rs. 99.56 lacs, being cost of Railway siding constructed by the Company, ownership of which vests with the Government/Railway Authorities and Rs. 0.39 lac, being the amortization thereof upto 30th June, 2002 included in Depreciation.

(e) Includes :

i) Rs. 1,004.13 lacs, being cost of bulkers used as Material Handling Equipment, which are being depreciated under the "Written Down Value Method" at the rate applicable to vehicles.

ii) Rs. 643.40 lacs Railway Wagons given on lease to the Railways under "Own Your Wagon Scheme"

(f) Includes Rs. 256.36 lacs on account of revalorisation of foreign currency liabilities due to exchange rate fluctuations.

(g) Includes Rs.102.11 lacs and Rs. 670.73 lacs, being depreciation on assets used in pre-operative and trial run period respectively, capitalised.

(h) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.

(i) Cost incurred by the Company, ownership of which vests with the State Electricity Boards.

(j) Represents amount amortized upto 30th June, 2002.

(k) Goodwill arising out of acquisition of equity stake in subsidiary companies is amortized over a period of 10 years from the date of acquisition.

(l) Refer Note 18 in schedule 'S' to the Accounts.

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As at
30.06.2002
Rs. in lacs

SCHEDULE 'F' – INVESTMENTS (at cost)

Long Term Investments:

In Government & Trust Securities

Quoted	413.28
Unquoted	6.87

In Fully Paid Shares, Debentures and Bonds, other than Trade

Quoted:

In Equity Shares:

2,46,70,000 Equity Shares of Rs. 10 each in Associated Cement Companies Limited	92,819.37
12,81,62,369 Equity Shares of Rs. 10 each in Ambuja Cement Rajasthan Limited	16,150.92
Others	1,285.90

110,256.19

In Debentures	0.06
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In Units of Mutual Funds	870.44
--------------------------------	--------

111,126.69

Carried forward 111,546.84

	Rs. in lacs	As at 30.06.2002 Rs. in lacs
SCHEDULE 'F' – INVESTMENTS (at cost) (Contd.)		
Brought forward		111,546.84
Unquoted:		
In Equity Shares	601.27	
In Units of Mutual Fund	1,803.95	
		2,405.22
		113,952.06
Other Investments		
In Immovable Property- Premises		17.21
		113,969.27
	Book value as on 30.06.2002 Rs. in Lacs	Market value as on 30.06.2002 Rs. in Lacs
Aggregate amount of Quoted Investments	111,540.84	48,923.25*
Aggregate amount of Unquoted Investments	2,411.22	
	113,952.06	

(*) Wherever Quotations are not available, Book Value has been considered as Market Value.

Notes :

- (1) 6,00,000 Equity Shares of Ganpati Parks Limited has been pledged with TFCI as security for loan given to the abovementioned company.
- (2) The Company has given an undertaking for non-disposal of the shares held in Ambuja Cement Rajasthan Limited in respect of financial assistance taken by this company from financial institutions and a bank.

	Rs. in lacs	As at 30.06.2002 Rs. in lacs
SCHEDULE 'G' – INVENTORIES		
(At cost or net realisable value whichever is lower, unless otherwise stated)		
(As certified and valued by the Management)		
Coal, Fuel, Packing Materials, Stores and Spare parts (including in transit - Rs. 322.31 lacs)		16,313.43
Stock-in-trade :		
Raw Materials (including in transit - Rs. 21.95 lacs)	1,077.05	
Food & Beverages, Stores & Supplies including linen	20.57	
Materials-in-process	3,262.31	
Work-in-progress	408.53	
Finished goods	3,702.07	
Equity Shares	88.94	
		8,559.47
Construction Scrap, at estimated replisable value		9.01
		24,881.91

SCHEDULE 'H' – SUNDRY DEBTORS (Unsecured)

Over six months:

Good [Refer Note 13 (a)]

(Includes Rs. 0.09 lac due from companies under same management and Rs. 5.52 lacs from Private Limited Companies in which directors are members)

Doubtful

Less : Provision

923.15

923.15

474.28

-

474.28

Others, Good (Includes Rs. 15.60 lacs due from companies under same management)

6,569.62

7,043.90

	Rs. in lacs	As at 30.06.2002 Rs. in lacs
SCHEDULE 'I' – CASH AND BANK BALANCES		
Cash on hand		37.88
Cheques on hand with Banks as Collecting Agency in terms of an arrangement		1,540.21
Bank Balances:		
With Scheduled Banks :		
In Current Account	5,128.66	
In Savings Account	1.55	
In Fixed Deposits [Deposit Receipts of Rs. 9.24 lacs deposited with Government Departments as security Deposit and Rs. 33.58 lacs deposited with banks as security deposit for guarantees (including accrued interest Rs. 15.61 lacs)]	1,245.07	
		<u>6,375.28</u>
		<u>7,953.37</u>
SCHEDULE 'J' – OTHER CURRENT ASSETS		
Interest and Dividend Receivable on Investments		10.87
Other Interest Receivable (Refer Note 14)		496.00
Sundry Receivables		1,902.04
		<u>2,408.91</u>
SCHEDULE 'K' – LOANS AND ADVANCES		
(Good, unless otherwise stated)		
Other Loans :		
Ambuja Cement Rajasthan Ltd. (Refer Note 14)	18,650.00	
Others (Includes Rs. 9.91 lacs due from Private Limited companies in which directors are members)	364.49	
		<u>19,014.49</u>
Advances recoverable in cash or in kind or for value to be received		
Good (Refer Note 13)	9,007.43	
Doubtful	136.31	
Less : Provision	136.31	
		<u>—</u>
		9,007.43
Deposits (including National Savings Certificates and 5 1/2 Year Kisan Vikas Patra Rs. 0.60 lac, and Rs. 0.02 lac, respectively, deposited with Government Departments as Security)		2,043.21
Balance with Central Excise, Customs, Port Trusts, etc.		2,401.12
Tax Paid in Advance, net of Provisions		1,792.90
		<u>34,259.15</u>
SCHEDULE 'L' – CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES :		
Sundry Creditors :		
Due to Small Scale Industrial Undertakings	21.40	
Others	16,545.70	
		<u>16,567.10</u>
Unclaimed amount in respect of redeemed Non-Convertible Debentures		34.97
Unclaimed Dividends		1,189.89
Security Deposits		3,727.03
Advances from Customers		347.19
Interest accrued but not due on loans		4,131.31
		<u>25,997.49</u>
Carried forward		25,997.49

As at
30.06.2002
Rs. in lacs

SCHEDULE 'L' – CURRENT LIABILITIES AND PROVISIONS (Contd.)

Brought forward	25,997.49
PROVISIONS :	
Provision for Leave Encashment	319.22
Provision for Wealth Tax, less Payments	44.41
Proposed Dividends	3,103.79
	<u>3,467.42</u>
	<u>29,464.91</u>

SCHEDULE 'M' – MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Project Development and Feasibility Report Expenses	395.11
Quarry Development Expenses	32.48
Other Expenditure	555.24
	<u>982.83</u>

2001-2002
Rs. in lacs

SCHEDULE 'N' – OTHER INCOME

Insurance Claims	178.18
Dividend (Gross; Tax Deducted Rs.142/-)	1,340.42
Rent Received	55.76
Miscellaneous Income	1,025.77
Surplus on Sale of Assets	55.98
Profit on Sale of Investments, Net	169.75
Sundry Credit Balances Appropriated	39.77
Provisions no longer required	723.96
	<u>3,589.59</u>

SCHEDULE 'O' – VARIATION IN STOCKS

CLOSING STOCKS

Materials-in-process	3,262.31
Work-in-progress	408.53
Finished goods	3,702.07
Equity Shares	88.94
	<u>7,461.85</u>

OPENING STOCKS

Materials-in-process	4,108.00
Work-in-progress	414.82
Finished goods	3,310.81
Equity Shares	120.20
	<u>7,953.83</u>
	<u>(491.98)</u>

LIMESTONE

Closing Stock	309.02
Opening Stock	346.80
	<u>(37.78)</u>
	<u>(529.76)</u>
Carried forward	<u>(529.76)</u>

	Rs. in lacs	2001-2002 Rs. in lacs
SCHEDULE 'O' – VARIATION IN STOCKS (Contd.)		
Brought forward		(529.76)
Less : TRIAL RUN STOCKS		
At the time of commencement of commercial Production at Maratha Cement Works Unit :		
Materials-in-process	538.20	
Finished goods	711.51	
		1,249.71
Increase/(Decrease) in Stocks		(1,779.47)
SCHEDULE 'P' – MANUFACTURING AND OPERATING EXPENSES		
Raw Materials Consumed :		
Clinker Purchased	2,558.18	
Food and Beverage Consumed	108.91	
Others	7,475.49	
		10,142.58
Freight and Handling Charges on Material transferred to other Units		7,490.24
Royalty and Cess		3,499.90
Stores and Spares Consumed		6,067.21
Packing Materials Consumed		7,837.30
Power and Fuel		39,740.24
Land, Development and Construction Expenses		196.36
Repairs and Maintenance :		
Buildings	492.27	
Machinery	1,777.06	
Others	312.81	
		2,582.14
		77,555.97
SCHEDULE 'Q' – ADMINISTRATIVE AND SELLING EXPENSES		
Employees' Remuneration and Benefits :		
Salaries, Wages, Bonus, Allowances, etc.	5,274.67	
Contribution to Provident and other Funds	654.56	
Welfare Expenses	704.00	
	6,633.23	
Add : Employee compensation expenses under Employee Stock Option Scheme	0.31	
		6,633.54
Rent		460.92
Rates and Taxes		174.32
Insurance		704.19
Advertisement and Publicity		2,444.65
Freight and Forwarding charges		22,983.66
Commission		2,109.28
Turnover Tax, Additional Tax and Purchase Tax		206.76
Exchange Rate Difference, (net)		442.01
Miscellaneous Expenses		6,412.51
Directors' Fees and Expenses		8.16
Commission to Directors, including Managing Director and Wholetime Directors		342.52
Loss on Assets sold, scrapped or discarded and written off		465.86
Donations		323.42
Provision for doubtful debts and advances		345.64
Carried forward		44,057.44

Rs. in lacs 2001-2002
Rs. in lacs

SCHEDULE 'Q' – ADMINISTRATIVE AND SELLING EXPENSES (Contd.)

Brought forward	44,057.44
Investment written off	100.00
Bad Debts, Sundry Debit Balances and Claims written off	129.65
Part of Deferred Revenue expenditure, written off	235.58
Expenses relating to Previous Years	73.80
Wealth Tax	30.49
	<u>44,626.96</u>

SCHEDULE 'R' – INTEREST AND FINANCE CHARGES, etc.

Interest : (Refer Note 16)

On Debentures and Bonds (Net of surplus on Interest Swap Rs. 128.31 lacs)	10,667.33	
On Fixed Loans	1,061.93	
Others	1,371.17	
		<u>13,100.43</u>
Less : Interest Received : (Gross; Tax deducted Rs. 277.41 lacs)		
On Government Securities	0.87	
On Debentures and Bonds	0.12	
Others	2,215.97	
		<u>2,216.96</u>
Interest, (net)		<u>10,883.47</u>
Premium on prepayment of term loans amortized		331.93
		<u>11,215.40</u>
Finance Charges		770.73
		<u>11,986.13</u>



SCHEDULE 'S' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS**1. Significant Accounting Policies :****(a) System of Accounting :**

- (i) Financial statements are based on historical cost.
- (ii) The Company and its Subsidiary companies, generally, follow the mercantile system of accounting and recognize income and expenditure on an accrual basis, except in case of those with significant uncertainties.

(b) Principles of Consolidation :

- (i) The consolidated financial statements relate to Gujarat Ambuja Cements Limited and its Subsidiary companies. The consolidated financial statements have been prepared on the following basis:
 - The financial statements of the Company and its Subsidiary companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
 - In cases where the financial year of a Subsidiary company is different from that of the Company, the financial statements of the Subsidiary company have been drawn up so as to be aligned with the financial year of the Company.
 - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
 - The excess of cost to the Company of its investment in the Subsidiary companies is recognised in the financial statements as goodwill and the goodwill is amortized over a period of 10 years commencing from the date from which it arises.
 - The excess of Company's portion of equity of the Subsidiary over the cost of the investment therein is treated as Capital Reserve.
 - Investment in Associates is accounted as per Accounting Standard AS-13 "Accounting for Investments".
 - Financial statements of overseas Group companies are translated into Indian Rupees as under:
 - (a) Assets and Liabilities at the rate prevailing at the end of the year.
 - (b) Revenue and Expenditure at the yearly average exchange rates prevailing during the year, except Depreciation, which is accounted at the same rate at which assets are converted.
 - The resulting translation adjustment is shown under "Exchange Fluctuation Reserve on Consolidation of Overseas Subsidiaries".
- (ii) The Subsidiary and Sub Subsidiary companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation	Parent's ultimate holding as on 30.06.2002	Financial Year ends on
Subsidiary:			
Cement Ambuja International Limited (CAIL)	Mauritius	100.00	30.06.2002
Ceylon Ambuja Cements (Private) Limited (CACL)	Sri Lanka	100.00	31.03.2002
GACL Finance Limited (GFL)	India	100.00	31.03.2002
Indo Nippon Special Cements Limited (INSCL)	India	100.00	30.06.2002
GGL Hotel and Resort Company Limited (GGL)	India	79.95	31.03.2002
Ambuja Cement India Limited (ACIL)	India	60.00	30.06.2002
Sub subsidiary :			
Midigama Cements (Private) Limited (MCPL)	Sri Lanka	99.99	31.03.2002
Ambuja Cement Orissa Limited (ACOL)	India	60.00	31.03.2002
(Formerly known as DLF Orissa Limited)			
Ambuja Cement Eastern Limited (ACEL)	India	56.45	30.06.2002
(iii) Sub subsidiary company, not considered in the consolidated financial statements as investment has been disinvested before 30.06.2002 :			
Swabhumi Hotels Limited (SHL)	India	100.00	30.06.2002

(iv) Other Significant Accounting policies :

These are set out in the notes to accounts under "Statement of Accounting Policies" of the Financial Statements of the Parent Company and its Subsidiaries.

**30.06.2002
Rs. in lacs**

2. Contingent liabilities not provided for in respect of :

(i) (a) Amount outstanding in respect of Guarantees given by the Company to Banks for loans given to Ambuja Cement Rajasthan Limited.	11,027.00
(b) Amount outstanding in respect of Guarantees given by GGL Hotel and Resort Company Limited to third parties for loans given to Ganpati Park Ltd.	215.00
(ii) Amount outstanding in respect of indemnities given by the Company to Banks for loans given to third parties, for Company's business	28.92
(iii) Claims against the Company not acknowledged as debts	3,561.72
(iv) Tax matters :	
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal	2,704.55

SCHEDULE 'S' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

	Rs. in lacs	30.06.2002 Rs. in lacs
(b) Disputed Sales-tax demands (including interest and penalty) - matters under appeal :		
(i) Matter decided in favour of the Company by the Honourable High Court of Himachal Pradesh, against which the Department, has filed a Special Leave Petition in the Honourable Supreme Court;		3,434.95
(ii) Others		539.77
(c) Disputed Excise demands - matters under appeal		1,134.46
(d) Disputed Customs demands - matters under appeal		415.83
(e) Disputed liabilities relating to Road Tax, against which stay has been granted by the Honourable High Court of Himachal Pradesh.		562.96
(v) Disputed liabilities relating to Railway Freight on Coal and Cement - matter decided in favour of the Company by the Honourable High Court of Gujarat, against which the Railway Authorities have filed a Special Leave Petition in the Honourable Supreme Court which, in turn, has remanded the matter back to the Honourable High Court of Gujarat.		695.77
(vi) Disputed liabilities relating to Coal claims- matters pending in the High Court :		
(a) Penal Freight on Excess Weight of coal	24.08	
(b) Interest on Royalty on Coal	179.77	
(c) Interest on Premium on Coal	329.45	
		533.30
(vii) Claim Relating to Royalty on Lime stone - matter pending in the High Court		476.95
(viii) Disputed liability relating to Workmen Compensation for reinstatement and back wages - matter pending in the High Court		11.00
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)		1,172.42
4. Segment reporting : The Company and its Subsidiaries have mainly one business segment 'Cement' as primary Segment. The secondary segment is geographical which is given as under:		
		2001-2002 Rs. in lacs
Revenue		
Sales & Services:		
Within India :		
Cement		179,788.53
Other		1,312.40
Sub Total		181,100.93
Outside India :		
Cement		16,838.58
Total		197,939.51
		As at 30.06.2002 Rs. in lacs
Assets		
Within India :		
Cement		269,337.42
Other		9,092.68
Sub Total		278,430.10
Outside India :		
Cement		2,806.79
Other		1,257.79
Sub Total		4,064.58
Total		282,494.68
		2001-2002 Rs. in lacs
Cost incurred during the year to acquire tangible and intangible fixed assets		
Within India :		
Cement		72,436.25
Other		204.59
Sub Total		72,640.84
Outside India :		
Cement		40.03
Total		72,680.87

SCHEDULE 'S' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

5. Related Party Disclosures :

a) List of Related Parties and relationships

Party	Relation
A. Ambuja Cement Rajasthan Ltd.	Associate
ICAN Securities and Research Ltd.	Joint Venture
Bengal Ambuja Housing Development Ltd.	Joint Venture
Bengal Ambuja Metro Development Ltd.	Joint Venture
B. Key Management Personnel	
Mr. N. S. Sekhsaria	Managing Director
Mr. P. N. Sekhsaria	Whole - time Director
Mr. A. L. Kapur	Whole - time Director
Mr. P. B. Kulkarni	Whole - time Director
Mr. A. V. Rao	Whole - time Director
Mr. A. C. Singhvi	Whole - time Director
Mr. B. L. Taparia	Whole - time Director and Company Secretary
Mr. Harshvardhan Neotia	Managing Director Ambuja Cement Eastern Ltd.
Mr. Ajay Jhunjunwala	Company Secretary cum Manager Ambuja Cement India Ltd.
Mr. Jayendra Banerji	Manager u/s 269 of Companies Act (period June ' 01 to March ' 02) of GGL Hotels and Resort Company Ltd.
Mr. Anil Ghei	Manager u/s 269 of Companies Act (period April ' 02 to June' 02) of GGL Hotels and Resort Company Ltd.
C. Relatives of Key Management Personnel	
Mrs. Padmini Somani	Daughter of Mr. N. S. Sekhsaria
Mr. Ajay Kapur	Son of Mr. A. L. Kapur
Mr. Milind Kulkarni	Son of Mr. P. B. Kulkarni
Mr. Anand Kulkarni	Son of Mr. P. B. Kulkarni
Ms. Sushma Taparia	Daughter of Mr. B. L. Taparia
Mr. Ghanshyam Taparia	Brother of Mr. B. L. Taparia
Mrs. Sampat Bajaj	Sister of Mr. B. L. Taparia
Mrs. Tulsidevi Taparia	Mother of Mr. B. L. Taparia
D. Enterprises over which significant influence exercised by Directors	
Quality Mechanical Engg Pvt. Ltd.	Company owned by Mr. P. B. Kulkarni - Whole - time Director
Sakambari Holdings Pvt. Ltd.	Company owned by Mr. A. L. Kapur - Whole - time Director

b) Disclosures required for related parties transactions

Transactions	Rs. in lacs					Total
	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Key Management Personnel	
I. Transactions during the year						
Purchase of Goods	2,099.97	–	–	–	–	2,099.97
Sale of Goods - Cement	–	57.86	–	–	–	57.86
Purchase of Stores & Spares	–	7.89	–	–	–	7.89
Rendering of Services	70.16	–	–	–	–	70.16
Receiving of Services	14.20	–	–	–	–	14.20
Interest received	1,302.82	–	–	–	–	1,302.82
Interest paid	–	–	–	0.51	–	0.51
Redemption of Debentures/Bonds	–	–	–	0.80	–	0.80
Loans given	18,650.00	–	–	–	–	18,650.00
Rent Recovered	24.94	22.98	–	–	–	47.92
Rent Paid	–	1.80	–	0.12	17.42	19.34
Remuneration	–	–	618.97	10.32	–	629.29

SCHEDULE 'S' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Transactions	Rs. in lacs					Total
	Associates	Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Enterprises over which significant influence exercised by Key Management Personnel	
Management contracts including for deputation of employees - received ..	4.32	–	–	–	–	4.32
Equity contributions during the year ..	–	49.50	–	–	–	49.50
Dividends received	–	37.13	–	–	–	37.13
Other recoveries	23.02	–	–	–	–	23.02
Others	–	2.46	–	–	–	2.46
II. Amounts Outstanding at Balance Sheet date						
Loans given Outstanding	18,650.00	–	–	–	–	18,650.00
Amounts receivable	–	15.60	–	–	–	15.60
Deposits outstanding (Rent)	–	–	–	4.50	53.68	58.18
Guarantees and collaterals outstanding	11,027.00	–	–	–	–	11,027.00

Notes :

1. Related Party relationship is as identified by the Company on the basis of information available with them and accepted by the Auditors as correct.
2. No amount has been written off or written back during the year in respect of debts due from or to related parties.

		2001-2002 Rs. in lacs
6. Earnings per Share (EPS) :		
(i) Profit attributable to Equity Shareholders for Basic EPS		18,497.50
Less : Minority Interest		697.14
Profit attributable to Equity Shareholder for Basic EPS		17,800.36
Adjustments for the purpose of Diluted EPS :		
Interest on Convertible Foreign Currency Bonds		392.14
Less: Tax on above		144.11
		248.03
(ii) Profit attributable to Equity Shareholder for Diluted EPS		18,048.39
(iii) Weighted average number of shares for Basic EPS	Nos.	155,063,103
Add : Potential equity shares on conversion of foreign Currency Convertible Bonds		20,654,400
Add : Potential equity shares on exercise of options of ESOS		3,241
Add : Potential equity shares on exercise of Rights & Warrants kept in abeyance out of the rights Issue in 1992		36,718
Weighted average number of shares for Diluted EPS		175,757,462
	Rs.	10.00
(iv) Nominal Value of Shares		
(v) Earnings Per Share :		
Basic		11.48
Diluted		10.27

7. (a) During the year, the Company and its Subsidiaries have, accounted for Deferred Tax in accordance with Accounting Standard (AS-22) - "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Consequently, the Company has recognised in these financial statements the deferred tax liabilities/assets accumulated as on 1st July, 2001, and charged the net deferred tax liability of Rs. 19,444.62 lacs to General Reserve as on 1st July, 2001 and net incremental deferred tax liability of Rs. 2,831.96 Lacs for the year has been charged to the Profit and Loss Account.

SCHEDULE 'S' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

30.06.2002
Rs. in lacs

The year-end position is as follows :

Deferred Tax Liabilities on account of :

Depreciation	22,420.83
Deferred Revenue Expenditure	133.44
Total	22,554.27

Deferred Tax Assets on account of :

Expenditure allowable in Income Tax on actual payment	115.99
Unencashed Leave	85.10
Others	76.60
Total	277.69

Deferred Tax Liability, net **22,276.58**

- (b) In case of Indian Subsidiaries there are deferred tax assets of Rs. 11,043.30 lacs, after deducting deferred tax liability due to carried forward losses and unabsorbed depreciation under the Income-tax Act, 1961. As a matter of prudence, the said deferred tax assets have not been recognised.

8. Provision for current tax :

(a) Change in Method of Accounting :

In the case of the Parent Company, provision for income tax, which was hitherto accounted for based on the taxable income as computed with reference to the "Previous Year" as defined under the Income-tax Act, 1961, i.e. April to March, has, for the year, been accounted for by computing taxable income with reference to the "Accounting Year" i.e. July to June.

Consequent upon the change:

- Provision for current tax computed by considering the period July, 2001 to June, 2002 is lower by Rs. 350 lacs than that computed by considering the period April 2001 to March 2002.
 - The charge of Deferred tax (computed on the same basis as in (i) above) to the Profit and Loss Account is higher by Rs. 145.42 lacs.
 - There is a prior period charge of Rs. 725 lacs representing provision for current tax for the period April, 2001 to June, 2001.
 - Deferred tax liability (net) as at 1st July, 2001, adjusted against General Reserve is higher by Rs. 370.48 lacs.
 - Net Assets and reserves as at the year end are lower by Rs. 890.90 lacs
- (b) In the absence of taxable income in respect of Parent Company, for the period July 1, 2001 to June 30, 2002 provision has been made for Minimum Alternative Tax in accordance with the provisions of Section 115JB of the Income-tax Act, 1961.
- (c) The accounts of the Company's Subsidiaries have been prepared for the period ending as on the reporting date of the Company, however the provision for tax liability, if any, has been accounted for the taxable income by computing with reference to the "Previous Year" as defined under the Income-tax Act, 1961.
9. The Company has issued 1% Foreign Currency Convertible Bonds (known as Rating Enhanced Equity Linked Securities) aggregating to US \$ 99.30 Million at par. The Bonds are redeemable on 30th January, 2006 at a redemption premium, so as to give the bondholders a yield to maturity of 4.6% per annum. These bonds are convertible into GDRs/Shares at the conversion price of Rs. 222.336 per share at the option of the bondholders at any time during the maturity period. If all the bonds are converted into GDRs/Shares, then the share capital of the Company will increase by 2,06,54,400 Equity Shares. The Company has an option to redeem these bonds, in whole, at anytime on or after 31st January, 2004, at its early accreted redemption amount, plus accrued interest, provided the share price at the time of exercise of option by the Company is atleast equivalent to the accreted value of the bond.
10. Options :
- (a) Employee Stock Option Schemes :
- The Company has granted 19,16,450 Stock Options to its employees (including certain employees of the Subsidiary companies) and Whole-time Directors (other than those excluded under the SEBI guidelines on Stock Options). Out of the above Stock Options, 2,71,350 have been surrendered/lapsed and 55,500 have been exercised. 15,89,600 Stock Options are outstanding as on 30th June, 2002, which if fully exercised will result in issue of 15,91,950 Equity Shares.
- (b) The Company has, during the year, allotted 80,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 215/- per share and 80,00,000 warrants (options) convertible into one Equity Share of the face value of Rs. 10/- each on payment of an aggregate price of Rs. 225/- per share (including premium of Rs. 215/- per share) to Affinity Investments Limited, an associate of Warburg Pincus on preferential allotment basis.
- A sum of Rs. 1,800.00 lacs has been received on issuance of warrants (options). The balance amount will be received if and when options are exercised.
11. Customs duty payable on goods lying in Custom's Notified Area will, as per the Company's practice, be charged to the Profit and Loss Account in the year of clearance. Such liability as on 30th June, 2002 is estimated at Rs. 704.57 lacs. This accounting treatment has, however, no impact on profit for the year.
12. In the year 1998, a ship carrying furnace oil imported by the Company, valued at Rs. 140.00 lacs, got damaged due to cyclone, as a result of which the furnace oil was lost in transit. The Company has lodged a claim with the Insurance Company and has also initiated legal action for recovery of the said claim. The said amount is included under the head 'Advances recoverable in cash or in kind or for value to be received'. Necessary adjustments, if any, in the Accounts will be done in the year of settlement of the said claim by the Court.

SCHEDULE 'S' – CONSOLIDATED NOTES FORMING PART OF THE ACCOUNTS (Contd.)

13. (a) 'Sundry Debtors outstanding for more than six months' and 'Advances recoverable in cash or in kind or for value to be received' include Rs. 103.89 lacs and Rs. 111.11 lacs respectively, for which legal action has been taken for recovery. However, the same are classified as good for recovery.
- (b) 'Advances recoverable in cash or in kind or for value to be received' also include an amount of Rs. 3,611.19 lacs receivable from Government of Himachal Pradesh towards Power Subsidy in form of Power Tariff Freeze (PTF) Rs. 2,786.54 lacs and Peak Load Exemption Charges (PLEC) Rs. 824.65 lacs, for which the Company has filed a writ petition in the Honourable High Court of Himachal Pradesh, claiming the said amount together with interest for the delayed period. While the Government of Himachal Pradesh has refuted the Company's claim in respect of PLEC, it has disputed the basis of determining the claim in respect of PTF. The Court, in its interim order, has directed the Government of Himachal Pradesh to calculate the amount in respect of the PTF, which according to them is reimbursable to the Company and provide the schedule of reimbursement. Pending final disposal of the writ petition, the Company has considered the entire amount as good and recoverable.
14. Ambuja Cement Rajasthan Ltd. (ACRL), an associate Company in which the Company has invested Rs. 16,150.92 lacs in Equity Shares as strategic investment and has also given a loan of Rs. 19,111.14 lacs (including interest accrued but not due Rs. 461.14 lacs), has, during the year, become a sick Company and has been registered with the Board of Industrial and Financial Reconstruction (BIFR). The Board of Directors in its meeting held on 15th July, 2002 has approved the amalgamation of ACRL with the Company, subject to the approval of shareholders and of BIFR. Necessary adjustments pursuant to the proposed amalgamation will be done on the same becoming effective on getting the approval of BIFR.
15. One of the Subsidiaries had made provision of Rs. 588.62 lacs in earlier years in respect of cess on limestone and coal. Based on a favourable judgement on a similar matter delivered by the Hon'ble Supreme Court on 31st July, 2001, and in view of the legal opinion obtained by the Company, the said provision has been considered to be no longer payable and the same has been written back in these accounts.
16. Borrowing Cost is net of capitalisation Rs. 5,032.70 lacs.
17. Capital Work in Progress includes (a) Machinery in Transit Rs. 14.98 lacs; (b) expenditure during construction for project Rs. 696.33 and (c) expenditure on Tuticorin project Rs. 402.19 lacs.
18. In the case of the parent company, modvat/cenvat credit is credited to Capital Reserve Account, although the same is adjusted against the cost of the respective assets for the purpose of computing depreciation. However, in respect of its Subsidiary companies, modvat/cenvat credit is adjusted against the cost of the assets.
19. Figures pertaining to the Subsidiary companies have been reclassified wherever necessary to bring them in line with the parent company's financial statement.
20. Figures less than Rs. 500/- have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest thousand.



Signatures to Schedules 'A' to 'S'			
For and on behalf of DALAL & SHAH Chartered Accountants	For and on behalf of N. M. RAJJI & CO. Chartered Accountants	For and on behalf of the Board	
Y. C. Amin Partner	A. R. Gandhi Partner	N. S. Sekhsaria Managing Director	
		B. L. Taparia Whole-time Director & Company Secretary	Anil Singhvi Whole-time Director
Mumbai, 20th August, 2002			

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30th June, 2002

	Rs. in lacs	2001-2002 Rs. in lacs
A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ACTIVITIES		23,161.39
Adjustment for :		
Depreciation & Amortization	17,402.19	
Surplus on sale of assets	(55.98)	
Loss on assets discarded/sold	465.86	
Investment written off	100.00	
Provision for diminution in value of Investment	1.00	
Part of deferred revenue expenditure, written off	235.58	
Exchange rate difference	442.01	
Profit on sale of investments	(169.75)	
Interest and Finance Charges	11,986.13	
Dividend	(1,340.42)	
Provision for Doubtful Advances	345.64	
Wealth tax provision for earlier years written back	4.29	
Employee compensation expenses under ESOS	0.29	
		<u>29,416.84</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		52,578.23
Adjustment for :		
Trade and other receivables	(19,621.69)	
Inventories	(4,239.67)	
Trade Payables	(2,319.77)	
Miscellaneous Expenditure	(717.52)	
		<u>(26,898.65)</u>
CASH GENERATED FROM OPERATIONS		25,679.58
Interest and Finance Charges paid	(13,387.12)	
Direct Taxes paid	(1,421.71)	
Exchange rate difference	(70.84)	
		<u>(14,879.67)</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS		10,799.91
Extraordinary Items		588.62
NET CASH FROM OPERATING ACTIVITIES		<u>11,388.53</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(29,702.46)	
Sale of Fixed Assets	660.37	
Investments (Purchases), Loans & Advances	(2,215.88)	
Sale of Investments	599.58	
Interest received	1,758.65	
Dividend and Income from Units received	1,340.42	
NET CASH USED IN INVESTING ACTIVITIES		<u>(27,559.32)</u>
Carried forward		<u>(16,170.79)</u>

	Rs. in lacs	2001-2002 Rs. in lacs
CASH FLOW STATEMENT (Contd.)		
Brought forward		(16,170.79)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital including Share premium	19,029.50	
Amount Received against issue of warrants	1,800.00	
Premium on redemption of Debentures and Shares Issue expenses	(90.13)	
Total proceeds from borrowings (Net of Repayments)	11,256.66	
Subsidy received	5.00	
Dividend paid	(13,338.91)	
NET CASH FROM FINANCING ACTIVITIES		18,662.12
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,491.33
CASH AND CASH EQUIVALENTS AS AT 01.07.2001 (Opening Balance)		5,462.04
CASH AND CASH EQUIVALENTS AS AT 30.06.2002 (Closing Balance)		7,953.37

For and on behalf of the Board

N. S. Sekhsaria
Managing Director

B. L. Taparia
Whole-time Director &
Company Secretary

Anil Singhvi
Whole-time Director

Mumbai, 20th August, 2002



For your notes





REPORTS and ACCOUNTS of SUBSIDIARY COMPANIES of GUJARAT AMBUJA CEMENTS LTD.

2001 - 2002 (Annexure to the Directors' Report)

DIRECTORS' REPORT

To The Members,

Your Directors present the 14th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2002 and the Auditors' Report thereon.

1. FINANCIAL RESULTS

The summary of the financial results for the year ended 31st March, 2002 are :

	Current Year Rs. in lacs	Previous Year Rs. in lacs
Profit before interest, depreciation & tax	254.42	23.55
Less: Interest	420.80	546.09
Less: Depreciation	99.41	96.63
Profit/(Loss) before Taxation	(265.79)	(619.17)
Provision for Taxation	-	-
Net Profit/(Loss) after Taxation	(265.79)	(619.17)
Add: Balance Brought Forward from Previous Year	(614.03)	5.14
Balance Carried Forward	(879.82)	(614.03)

2. REVIEW OF PERFORMANCE

A) The Resort Hotel Complex :

Average annual occupancy level at the company's hotel "The Ffort Radisson" has decreased from 49% in the previous year to 33 % in the current year due to its renovation activities.

2(Two) exclusive suites have been added to cater to the upper end of the market.

The Company is taking effective steps for improving the occupancy level at the Hotel.

B) The Institute for International Management and Technology (IIIMT) :

Your Directors have pleasure in informing that the Company has taken steps for establishment of a Hotel Management School christened as the Institute for International Management and Technology (IIIMT) in association with Oxford Brookes University, Carlson Hospitality worldwide, Edwardian Group (U.K.) & Unitech India. The initial response to the School has been quite encouraging.

C) The Country Club :

The Club Magna Charta attached with the Ffort Radisson took effective steps for increasing the number of members due to which its performance improved during the year. Several initiatives have been taken by the company to increase member satisfaction at the Club.

D) The Ffort Holiday Klub :

The Time Share Business of the company has received a very encouraging response during the year under review. Seven new Time Share units have been commissioned during the year. Another twelve are likely to be commissioned during the current financial year. The company has already enrolled 745 members till the end of this year and expects to enroll at least 500 new members during the current financial year.

E) Shyamolima:

Your Directors have pleasure in informing that Phase II of Shyamolima has been launched under the name & style of "Shimana" & "Surabhi" consisting of 98 developed Farm Plots. The initial response to the project has been quite encouraging as more than 30 plots have already been booked by customers immediately upon launch of the project.

F) Paschima :

Your Directors have pleasure in informing you that the Company has opened a Restaurant under the name and style of "Paschima" at "Swabhumi - The Heritage Park" in the month of February, 2002. The initial response to the restaurant is quite encouraging.

3. AUDITORS' REPORT

The notes to the Accounts referred to in the Auditors' Report are self - explanatory and do not call for any further comments.

4. SUBSIDIARY COMPANY

The latest accounts of the wholly owned subsidiary company, namely Swabhumi Hotels Ltd. are given in the Annexure. Swabhumi Hotels Limited was incorporated on 19.10.2001 to run a 3-Star category hotel at "Swabhumi-The Heritage Park".

5. DIRECTORS

Shri Harshavardhan Neotia and Shri B K Goswami, Directors retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

6. AUDITORS

M/s. Chaturvedi & Company, Chartered Accountants, who retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

7. PARTICULARS OF EMPLOYEES

Provisions of Section 217 (2A) of the Companies Act, 1956 is not applicable as none of the employees of the Company are drawing remuneration exceeding Rs. 12.00 lacs per annum or Rs.1, 00,000/- per month.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy :

Conservation of energy is a high priority area for your Company and constant efforts are being made to reduce energy cost at all levels.

A dedicated feeder line at the "Shyamolima" has been installed which is likely to reduce the energy cost and would minimise wastage in the forthcoming years.

(B) Technology Absorption :

The activities of the Company do not involve any technology absorption or expenditure on research and development.

(C) Foreign Exchange Earnings and Outgo :

During the year under review, foreign exchange earnings amounted to Rs.696/- (Previous Year - Rs. 3,627/-) and outgo in foreign exchange was Rs.4,00,893/- (Previous Year - Rs. 8,37,799/-) only.

9. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- in the preparation of the Annual Accounts for the year ended 31st March, 2002, all the applicable accounting standards have been followed.
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that year.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the annual accounts on a going concern basis.

10. AUDIT COMMITTEE

In accordance with the requirement of Companies Act, 1956, the Company has constituted an Audit Committee comprising of three directors.

The constitution of the Audit Committee is as follows:

- Mr. Harshavardhan Neotia, Chairman
- Mr. N. K. Jain
- Mr. R. Kalidas

The terms of reference of the above Committee have been specified by the Board and they include, inter-alia, the review of the Internal Control Systems, review of financial statements.

11. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation and deep sense of gratitude to the Financial Institutions, Bankers, Housing Finance Companies, Department of Tourism and local authorities for their continued guidance and support. Your Directors are especially grateful to the Government of West Bengal for their support to our project. Your Directors place on record their deep appreciation for the good work put in by the executives and staff at all levels in the organisation.

For and on behalf of the Board

Place : Kolkata
Date : 29th June, 2002

Harshavardhan Neotia
Chairman

AUDITORS' REPORT**TO THE MEMBERS**

1. We have audited the attached Balance Sheet of GGL HOTEL AND RESORT COMPANY LIMITED as on 31st March, 2002 and the Profit & Loss Account for the year ended on that date, both annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms and section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Attention is drawn to Note No. 3 of Schedule Q wherein interest and administrative overheads have not been considered during the year in valuation of work in progress, unlike in previous year, thereby overstating the loss for the year by Rs. 423.92 lacs and Note No. 4 of Schedule Q regarding payment of liquidated damages of Rs. 50.71 lacs.
5. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

6. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from the examination of those books.
7. The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of account and in our opinion, Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 have been complied with.
8. In our opinion and according to the information and explanations given to us, no person appointed as a director in the Company during the year under audit was disqualified from being appointed as a director, under section 274(1)(g) of the Companies Act, 1956.
9. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and Profit and Loss Account, read together with other Notes in Schedule Q give the information required by the Companies Act, 1956, in the manner as required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For CHATURVEDI & COMPANY
Chartered Accountants

Place : Kolkata
Date : 29th June, 2002

Nilima Joshi
Partner

ANNEXURE TO THE AUDITORS' REPORT

(As referred in paragraph – 3 of our Report of even date)

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on verification.
- ii) None of the fixed assets have been revalued during the year.
- iii) The stocks of goods, stores and raw materials of the Company have been physically verified by the management and procedures are reasonable and adequate in relation to the size of the Company and nature of its business. The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of accounts, were not material. In our opinion, the valuation of stock of goods, stores and raw materials has been fair and proper and in accordance with normally accepted accounting principles and is on the same basis as in the preceding year except as referred to in Note 3 of Schedule Q.
- iv) The Company has taken unsecured loans from company listed in the register maintained under section 301 of the Companies Act, 1956, and/or from a company under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956. The rate of interest and terms and conditions whereof are not prejudicial to the interest of the Company.
- v) The Company has not granted loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 and/or to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- vi) Parties including employees to whom loans or advances in the nature of loans given by the Company, are repaying the same as stipulated, except in few cases, along with interest wherever applicable.
- vii) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and sale of goods.
- viii) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangement entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000/- (Rupees Fifty thousand) or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.

- ix) The Company has a system of determining unserviceable or damaged stores, raw materials or goods on the basis of technical evaluation and on the aforesaid basis, in our opinion, adequate amounts have been written off from such stocks in the accounts.
- x) The Company has not accepted deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the rules framed thereunder.
- xi) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- xii) As informed to us, the Central Government has not prescribed for maintenance of cost records by the Company under section 209 (1)(d) of the Companies Act, 1956.
- xiii) The Company has generally been regular in depositing Provident Fund dues of the employees and as informed to us, the Employees State Insurance Act is not applicable to the Company.
- xiv) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, customs duty and excise duty were outstanding, as at 31st March, 2002 for a period of more than six months from the date they became payable.
- xv) According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xvi) The Company is not an Industrial Company and hence the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.
- xvii) In our opinion, the company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business. In our opinion, there is a reasonable system of authorisations at proper levels on issue of stores and allocation of stores to the operating departments and there is a system of internal control commensurate with the size of the company and the nature of its business.
- xviii) As informed to us, there has been no damaged goods with respect to trading activities.

For CHATURVEDI & COMPANY
Chartered Accountants

Place : Kolkata
Date : 29th June, 2002

Nilima Joshi
Partner

BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule	As at 31.03.2002 Rs. in lacs	As at 31.03.2001 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUND			
Share Capital	A	2,500.00	1,000.00
Reserves & Surplus	B	29.25	29.25
LOAN FUNDS			
Secured	C	1,285.50	1,279.69
Unsecured		1,355.16	2,208.98
TOTAL		5,169.91	4,517.92
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	4,153.89	3,960.52
Less : Depreciation		428.24	336.13
Net Block		3,725.65	3,624.39
Capital Work in Progress ..		518.82	237.26
		4,244.47	3,861.65
INVESTMENTS			
	E	65.82	60.82
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	F	293.13	321.49
Sundry Debtors	G	87.82	112.64
Cash & Bank Balances	H	39.14	27.21
Other Current Assets	I	13.30	9.89
Loans & Advances	J	245.81	234.24
		679.20	705.47
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	K	691.97	717.89
Provisions		7.48	6.22
		699.45	724.11
Net Current Assets		(20.25)	(18.64)
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses		0.05	0.06
Profit And Loss Account		879.82	614.03
TOTAL		5,169.91	4,517.92

NOTES FORMING PART OF
THE ACCOUNTS Q
Schedules form an integral part of accounts

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2002

	Schedule	For the year ended 31.03.2002 Rs. in lacs	For the year ended 31.03.2001 Rs. in lacs
INCOME			
Turnover & Services	L	1,163.20	2,189.35
Other Income	M	85.99	83.69
		1,249.19	2,273.04
EXPENDITURE			
Expenses	N	975.54	851.60
Interest	O	420.80	546.09
Depreciation		99.41	96.63
(Increase) / Decrease in Work-in-Progress	P	19.23	1,397.89
		1,514.98	2,892.21
PROFIT / (LOSS) BEFORE TAX ...		(265.79)	(619.17)
Less : Provision for Taxation		-	-
PROFIT / (LOSS) FOR THE YEAR		(265.79)	(619.17)
Balance as per last Account		(614.03)	5.14
Balance Carried to Balance Sheet		(879.82)	(614.03)
Earnings Per Share (Basic & Diluted)		(1.29)	(6.34)

NOTES FORMING PART OF
THE ACCOUNTS Q
Schedules form an integral part of accounts

As per our attached report of even date For and on behalf of the Board
For CHATURVEDI & COMPANY Harshavardhan Neotia
Chartered Accountants Director
Nilima Joshi Naresh Kumar Jain
Partner Director
Rajesh Kumar Arora
Manager (Finance) &
Company Secretary
Place : Kolkata
Date : 29th June, 2002

As per our attached report of even date For and on behalf of the Board
For CHATURVEDI & COMPANY Harshavardhan Neotia
Chartered Accountants Director
Nilima Joshi Naresh Kumar Jain
Partner Director
Rajesh Kumar Arora
Manager (Finance) &
Company Secretary
Place : Kolkata
Date : 29th June, 2002

SCHEDULES 'A' TO 'Q' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	As at 31.03.2002 Rs. in lacs	As at 31.03.2001 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL		
Authorised		
20,000,000 (previous year - 10,000,000) equity shares of Rs. 10/- each	2,000.00	1,000.00
5,000,000 (previous year - 5,000,000) preference shares of Rs. 10/- each	500.00	500.00
	2,500.00	1,500.00
Issued, Subscribed & Paid- up		
20,000,000 (previous year-10,000,000) equity shares of Rs.10/- each fully paid	2,000.00	1,000.00
5,000,000 (previous year -Nil) 9% cumulative redeemable preference shares of Rs. 10/- each fully paid up (to be redeemed on 23rd March, 2007)	500.00	–
	2,500.00	1,000.00

Notes:

- Out of the above equity shares —
329,020 equity shares of Rs. 10/- each
issued for consideration other than cash
pursuant to the scheme of amalgamation

15,989,950 equity shares are held by
the holding company Gujarat Ambuja
Cements Limited.

SCHEDULE 'B' – RESERVES & SURPLUS

Capital Reserve	29.25	29.25
	29.25	29.25

SCHEDULE 'C' – LOAN FUNDS

Secured Loans

Tourism Finance Corporation of India Ltd. (Secured by an equitable mortgage of immovable properties & hypothecation of movable assets other than inventory & book debts at the resort hotel at Raichak)	585.50	722.34
ICICI Ltd. (Secured by an equitable mortgage of property by deposit of title deeds)	700.00	525.00
Citi Bank (Net of unexpired interest - Rs. Nil, Previous Year Rs. 0.12 lac) (Secured by hypothecation of Vehicle)	–	0.73
Maruti Countrywide Auto Financial Services Ltd. (Net of unexpired interest on hire purchase Rs. Nil, Previous Year Rs. 0.33 lac)	–	1.29

Cash Credit from Banks

State Bank of India	–	30.33
(Secured by hypothecation of inventories and other movable items and book debts of the company's resort hotel at Raichak and second charge over all immovable properties and movable assets thereat).		
	1,285.50	1,279.69

Unsecured Loans

Membership Deposit	87.04	123.99
From Holding Company	–	1.96
From Other Bodies Corporate	1,268.12	1,620.03
15% Deep Discount Debentures	–	463.00
(Debentures redeemed on 7th May , 2001)		
	1,355.16	2,208.98

SCHEDULE 'D' – FIXED ASSETS

DESCRIPTION	GROSS BLOCK (at cost)				DEPRECIATION				NET BLOCK	
	As on 31.03.2001	Addition During the year	Sale/ Adjustments	As on 31.03.2002	Upto 31.03.2001	During the year	Adjust- ments	Upto 31.03.2002	As on 31.03.2002	As on 31.03.2001
Land (including Development Cost)	1,085.26	–	–	1,085.26	–	–	–	–	1,085.26	1,085.26
Building	1,728.39	104.56	–	1,832.95	82.14	28.31	–	110.45	1,722.50	1,646.25
Plant & Machinery	628.94	20.25	1.20	647.99	95.87	30.53	0.53	125.87	522.12	533.07
Furniture & Fixtures	247.26	35.98	3.49	279.75	75.52	22.84	2.49	95.87	183.88	171.74
Vehicles	13.19	4.30	4.69	12.80	4.53	0.95	1.43	4.05	8.75	8.66
Office Equipments	61.05	23.34	2.86	81.53	36.68	7.64	1.92	42.40	39.13	24.37
Electrical Installation	196.43	18.12	0.94	213.61	41.39	9.14	0.93	49.60	164.01	155.04
TOTAL	3,960.52	206.55	13.18	4,153.89	336.13	99.41	7.30	428.24	3,725.65	3,624.39
Previous Year	2,776.08	1,219.50	35.06	3,960.52	247.95	96.63	8.45	336.13	3,624.39	–
Capital Work-in-Progress	237.26	381.83	100.27	518.82	–	–	–	–	518.82	237.26
Previous Year	234.40	365.94	363.08	237.26	–	–	–	–	237.26	

SCHEDULE 'E' – INVESTMENTS (At Cost)

Name of Company	Nos.	As at 31.03.2002 Rs. in lacs	Nos.	As at 31.03.2001 Rs. in lacs
Long term, other than trade				
QUOTED:				
A. Equity Shares of Rs.10 each fully paid-up				
Indian Petrochem Corp. Ltd.	100	0.16	100	0.16
Balarampur Chini Mills Ltd.	100	0.01	100	0.01
Ansal Housing & Construction Ltd.	800	0.06	800	0.06
Dadha Hewlett Industries Ltd. ..	100	0.01	100	0.01
Bailiboi & Co. Ltd.	100	0.02	100	0.02
Hindustan Motors Ltd.	1,146	0.14	1,146	0.14
The Bombay Silk Mills Ltd.	135	0.03	135	0.03
PCS Industries Ltd.	69	0.02	69	0.02
Ispat Alloys Ltd.	178	0.04	178	0.04
Gujarat Hotels Ltd.	100	0.01	100	0.01
Geekay Exim (India) Ltd.	280	0.01	280	0.01
All Seasons Foods Ltd.	45	–	45	–
Mazda Enterprises Ltd.	200	0.02	200	0.02
Tata Iron & Steel Co. Ltd.	22	0.02	22	0.02
KEC International Ltd.	94	0.02	94	0.02
Max India Ltd.	20	0.02	20	0.02
Reliance Petroleum Ltd.	100	0.04	100	0.04
Uniworth International Ltd.	50	0.02	50	0.02
Woolworth India Ltd.	50	0.03	50	0.03
Total		0.68		0.68
B. Secured Debentures				
(i) Non-Convertible Debentures				
Continental Construction Ltd. (F.V. Rs.100)	40	0.01	40	0.01
Dynatomic Forgings India Ltd. (F.V. Rs. 100)	24	0.02	24	0.02
The Bombay Silk Mills Ltd. (F.V. Rs. 100)	10	0.01	10	0.01
Tata Iron & Steel Co. Ltd.- SPNS (F.V. Rs. 225)	17	0.02	17	0.02
Total		0.06		0.06
UNQUOTED:				
Equity Shares of Rs.10 each fully paid-up				
Synergy Art Foundation Ltd.	500	0.05	500	0.05
Sundarban Fertilizers Ltd.	200	0.02	200	0.02
Mahindra Housing & Finance Ltd.	100	0.01	100	0.01
Swabhumi Hotels Ltd (Wholly owned subsidiary)	50,000	5.00	–	–
Ganapati Parks Ltd.	600,000	60.00	600,000	60.00
Total		65.08		60.08
Grand Total		65.82		60.82
Aggregate amount of quoted investments		0.74		0.74
Aggregate amount of unquoted investments		65.08		60.08
Market value of quoted investments		0.47		0.34

SCHEDULE 'F' – INVENTORIES (At cost)

(As taken, valued and certified by the Management)

Work-in-Progress	270.80	290.03
Food & Beverage, Stores & Supplies including Linen	22.33	31.46
	293.13	321.49

SCHEDULE 'G' – SUNDRY DEBTORS

(Unsecured considered good)

Debts due for more than six months	38.89	41.89
Others	48.93	70.75
	87.82	112.64

SCHEDULE 'H' – CASH & BANK BALANCES

Cash balance on hand	6.26	0.71
Balance with Scheduled Banks in :		
Current account	14.69	8.31
Fixed Deposit account	18.19	18.19
	39.14	27.21

SCHEDULE 'I' – OTHER CURRENT ASSETS

Interest accrued on fixed deposits	13.30	9.89
	13.30	9.89

SCHEDULE 'J' – LOANS & ADVANCES

(Unsecured, considered good)

Loans	1.25	3.44
Advances	179.46	162.44
(Recoverable in cash or in kind or for value to be received or pending adjustment)		
Deposits	33.28	38.75
Tax Deducted at Source	39.79	37.58
Provision for Tax	(7.97)	(7.97)
	245.81	234.24

SCHEDULE 'K' – CURRENT LIABILITIES

Advances from customers	75.14	53.94
Sundry creditors for goods, services, and expenses :		
Dues of creditors other than small scale industrial undertakings	182.21	147.84
Other liabilities	397.51	368.25
Interest accrued but not due on loans	37.11	147.86
	691.97	717.89
	For the year ended 31.03.2002 Rs. in lacs	For the year ended 31.03.2001 Rs. in lacs

SCHEDULE 'L' – TURNOVER & SERVICES

Room, Restaurant, Banquet and Other Services	185.48	250.42
Food and Beverage Sales	224.22	254.53
Liquor Sale	14.42	18.77
Income from Telephone & Telex	4.69	7.30
Sale of Real Estate	28.83	875.90
Income from Construction Contracts	74.67	379.47
Turnover of Interior	–	12.02
Membership received	630.89	390.94
	1,163.20	2,189.35

	For the year ended 31.03.2002 Rs. in lacs	For the year ended 31.03.2001 Rs. in lacs
SCHEDULE 'M' – OTHER INCOME		
Interest	23.45	29.50
(Gross, TDS Rs. 0.80 lac, Previous year Rs. 1.28 lacs)		
Dividend	0.01	0.02
Miscellaneous Receipts	59.27	25.59
Sundry Balances Written Back	3.26	28.58
	<u>85.99</u>	<u>83.69</u>

SCHEDULE 'N' – EXPENSES**Direct Operating Expenses :**

Land, Development & Construction Expenses	76.16	38.96
Expenditure of Interior Division	–	11.48
Food & Beverage Consumed	88.73	81.93
Stores and Supplies including Linen Consumed	5.88	19.59
Uniform Expenses	4.64	–
Other Direct Operating Expenses	106.77	98.07

Expenses on Employees :

Salary & Allowances	114.29	123.82
Contribution to Provident Fund	8.12	7.78
Staff Welfare Expenses	4.89	2.40

Other Expenses :

Printing & Stationery	9.65	7.53
Advertisement & Publicity	17.32	13.91
Power & Fuel	103.58	87.34
Telephone Charges	12.31	14.65
Consultancy & Retainership Fees	150.67	132.55
Travelling & Conveyance	2.35	3.38
Liquidated Damages	50.71	–
Hire Charges	1.12	0.18
Repairs to Plant & Machinery	1.11	18.85
Repairs to Building	8.61	3.26
Repairs - Others	70.59	23.50
Insurance	4.86	4.64
Rent	27.86	17.92
Rates & Taxes	17.60	11.95
Security Service Charges	8.72	8.21
Payment to Auditors		
As Auditors	0.79	0.63
For Tax Audit	0.16	0.11
For Other Matters	0.05	0.06
Preliminary Expenses written off	0.01	0.02
Miscellaneous Expenses	61.01	83.26
Loss on sale of Fixed Assets	4.29	10.17
Sundry Balance written off	12.69	25.45
	<u>975.54</u>	<u>851.60</u>

SCHEDULE 'O' – INTEREST

– On Fixed Loans	187.44	258.78
– Others	233.36	287.31
	<u>420.80</u>	<u>546.09</u>

**SCHEDULE 'P' – (INCREASE)/DECREASE
IN WORK-IN-PROGRESS**

Opening Balance	290.03	2,852.12
Less : Transfer to fixed assets	–	1,164.20
Less : Closing Balance	270.80	290.03
	<u>19.23</u>	<u>1,397.89</u>

SCHEDULE 'Q' – NOTES FORMING PART OF THE ACCOUNTS**1. ACCOUNTING POLICIES :****1.1 System of Accounting :**

The Company follows mercantile system of accounting on historical cost convention recognising income and expenditure on accrual basis.

1.2 Fixed Assets :

Fixed Assets are stated at their original cost of acquisition / installation.

Capital Work in Progress is stated at amount expended upto the date of the Balance Sheet.

1.3 Depreciation :

Depreciation on fixed assets has been provided for on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

1.4 Investments :

Long term investments are valued at the cost of acquisition.

1.5 Miscellaneous Expenditure:

Preliminary expenses are written off over a period of ten years.

1.6 Contingent Liabilities:

Contingent Liabilities are not accounted for in the books of accounts.

1.7 Revenue Recognition:

i) The Company follows completed contract method of accounting in respect of its construction activities. Under this method, profit in respect of unit sold is recognised only when the work in respect of the relevant unit is completed and possession taken by the buyer.

ii) For land including developed land, revenue is recognised upon booking/agreement and receipt of substantial part of consideration.

iii) In case of sale of buildings and flats, inclusive of rights in land in respect thereof, profit is accounted for on giving of possession to the buyer, pending execution of conveyance.

iv) Services & maintenance contracts are accounted for on completed contract method of accounting.

v) In respect of Hotel & Restaurant Division, sales and services are stated net of discount and taxes except sales tax.

vi) Non-Interest Bearing Refundable Deposit for The Fort Holiday Klub (TFHK) the Company's time share scheme is refundable after completion of specific number of years (presently after 25 years) from the date of respective membership. Setting aside for repayment, the estimated present value of such deposit (included under unsecured loans), the balance is recognised as income in the year the full membership deposit is received.

Amount received on non-refundable basis, towards membership of The Fort Holiday Klub (TFHK) is considered as income upon receipt of the full amount of consideration towards such membership. The same policy is followed for the membership of The Club Magna Charta (TCMC).

1.8 Inventories:

Food & beverages and stores & supplies are valued at weighted average cost.

Work in Progress is valued at cost. Cost includes cost of land, construction and development expenses.

1.9 Retirement Benefits :

Gratuity and leave encashment is provided on accrual basis. Gratuity is provided for all eligible employees who have completed five years of service. Leave encashment is provided as per rules and regulation of the Company.

2. CONTINGENT LIABILITIES:

Bank guarantee issued by the bankers of the company - Rs. 25.54 lacs (Previous year - Rs. 22.82 lacs).

Guarantee given to Tourism Finance Corporation of India Limited for a loan given to Ganapati Parks Limited of Rs. 215.00 lacs (Previous year - 325.00 lacs).

Estimated amount of contracts remaining to be executed, net of advances, on capital account Rs. 215.62 lacs (Previous Year - Rs. 11.55 lacs).

Interest/penal interest for delayed/non payment of Luxury tax and service tax and franchisee fees being indeterminate has not been provided for.

Demand raised by Income Tax Department, currently under appeal - Rs. 24.92 lacs (Previous Year - Rs.24.92 lacs).

Balances with Scheduled banks include Fixed Deposits of Rs. 18.19 lacs lodged as security for availing bank guarantee (Previous year Rs.17.68 lacs).

3. Work in Progress has been valued at cost excluding administrative overheads and interest unlike in the previous year to make it in consonance with the Accounting Standards issued by the Institute of Chartered Accountants of India(ICAI). This change in policy has resulted in the loss being overstated for the year by Rs. 423.92 lacs.

**SCHEDULE 'Q' –NOTES FORMING PART OF
THE ACCOUNTS (Contd.)**

4. The Company had issued 30 lacs 12% Cumulative Redeemable Preference Shares of Rs.10/- each to UTI Bank Ltd. pursuant to a Subscription Agreement dated 9th March 1999. The shares were redeemed in the year 2000-01 at par out of the proceeds of a fresh issue of equity shares. Due to loss in the year 2000-01, the Company could not pay preference dividend. The Subscription Agreement referred to herein above inter-alia provided for payment of liquidated damages to the subscribers in such an event. The company has accordingly paid liquidated damages of Rs. 50.71 lacs during the year.
5. Income related to previous year credited to Profit & Loss Account is Rs. NIL (Previous Year - Rs. 0.49 lacs).
6. Expenses related to previous year debited to Profit & Loss Account is Rs. 8.90 lacs (Previous Year Rs. 21.05 lacs).
7. Net spoilage of Rs. 0.66 lacs (Previous Year Rs. 1.90 lacs) in hotel division has been charged during the year.
8. Debtors, creditors and advances, interest subsidy realisable, franchisee fees payables are yet to be confirmed.
9. Investment in shares of Ganapati Parks Ltd. of Rs. 60.00 lacs has been pledged with Tourism Finance Corporation of India Limited as collateral security for loan given to the above-mentioned company.
10. In view of carried forward losses/unabsorbed depreciation in respect of past years, the Company may not have the taxable income in the near future and hence, cumulative net deferred tax assets after deducting deferred tax liabilities have not been recognised by the company on prudence basis in accordance with the Accounting Standard-22 issued by the Institute of Chartered Accountants of India. Similarly, net deferred tax asset for the current year have also not been recognised on prudence basis.
11. Sundry Debtors include:
Amounts due from companies under the same management under Section 370(1B).

Name of Company	As at 31-3-2002	As at 31-3-2001	Maximum Amount Outstanding during	
	Rs. in lacs	Rs. in lacs	2001- 2002	2000 -2001
Ambuja Cement Eastern Ltd.	NIL	1.32	4.07	9.51
Bengal Ambuja Housing Development Ltd.	0.44	0.38	0.60	0.52

Name of Company	As at 31-3-2002	As at 31-3-2001
	Rs. in lacs	Rs. in lacs
Choicest Enterprises Pvt. Ltd.	5.54	5.59

12. Loans and Advances include:

Name of Company	As at 31-3-2002	As at 31-3-2001
	Rs. in lacs	Rs. in lacs
Industrial Fuel Co. Pvt. Ltd.	2.91	2.91
Choicest Enterprises Pvt. Ltd.	7.00	7.00

13. Information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956 :

13.1 QUANTITATIVE DETAILS :

Real Estate & Interior Divisions:

Particulars	Numbers	Area	Value Rs. in lacs
Sale of Farm Plots	2 (7)	1374 Sq. Yards (10302 Sq. Yards)	22.83 (137.12)
Interior Division Turnover	-	-	- (12.02)
Sale of Mallika Units	- (23)	- (40870 Sq. ft.)	- (369.39)
Sale of Tree House Units	1 (54)	650 Sq. ft. (35100 Sq. ft.)	6.00 (369.39)

Hotel Division :

Exemption has been granted to the Company from disclosure of quantitative details pursuant to paras 3(i)(a) and 3(ii)(a) of Part II, Schedule-VI of the Companies Act, 1956 vide Order No.46/287/2001-CL-III dated 17.06.2002 issued by the Department of Company Affairs. However, as per the said Order, the Company is required to disclose certain additional particulars which are as follows:-

**SCHEDULE 'Q' –NOTES FORMING PART OF
THE ACCOUNTS (Contd.)**

The breakup of Consumption of Provisions, Beverages (excluding Wine & Liquor), Smokes and Wine and Liquor are as follows:-

	Provisions, Beverages (excluding wine & liquor) & smokes Rs. in lacs	Wine & Liquor Rs. in lacs	Total Rs. in lacs
Opening	3.12 (2.38)	1.85 (1.86)	4.97 (4.24)
Add: Purchases during the year	84.91 (77.17)	4.43 (5.49)	89.34 (82.66)
	88.03 (79.55)	6.28 (7.35)	94.31 (86.90)
Less : Closing Stock	2.58 (3.12)	1.39 (1.85)	3.97 (4.97)
Consumption	85.45 (76.43)	4.89 (5.50)	90.34 (81.93)

(Figures in brackets represent figures for Previous Year)

- 13.2 Expenditure incurred in foreign currency:

Particulars	Current Year Rs. in lacs	Previous Year Rs. in lacs
Towards franchisee fees	4.01	8.38

- 13.3 Income in foreign exchange :

Particulars	Current Year Rs. in lacs	Previous Year Rs. in lacs
From hotel services	0.01	0.04

- 13.4 Raw materials, spare parts & components consumed:

	Current Year Rs. in lacs	Current Year %	Previous Year Rs. in lacs	Previous Year %
a) Food & Beverages :				
Indigenous	92.58	100	81.93	100
Imported	Nil	-	NIL	-
b) Stores & Supplies:				
Indigenous	81.58	100	108.10	100
Imported	NIL	-	NIL	-

Part of the above consumption has also been charged to other expense account heads.

14. Earning per Share (EPS in Rs.)

	2001 - 02 Rs. in lacs	2000 - 01 Rs. in lacs
Loss available to Equity Shareholders after providing for prior period expenses	(258.01)	(634.12)
Nos. of Equity Shares (Face value Rs.10/-)	200	100
EPS (Basic & Diluted) * (in Rs.)	(1.29)	(6.34)

* EPS has been computed in accordance with AS 20 issued by the Institute of Chartered Accountants of India after considering the amount of preference dividend which has not been provided in view of loss incurred during the year.

15. Figures have been rounded off to the nearest thousands.

16. Figures of previous year have been regrouped and rearranged wherever necessary.

Signatories to Schedule "A" to "Q"

As per our attached report of even date For and on behalf of the Board
For CHATURVEDI & COMPANY Harshavardhan Neotia
Chartered Accountants Director

Nilima Joshi
Partner

Naresh Kumar Jain
Director

Place : Kolkata
Date : 29th June, 2002

Rajesh Kumar Arora
Manager (Finance) &
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	State Code	<input type="text"/>	<input type="text"/>
Balance Sheet Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Date		Month										

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Rights Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bonus Issue	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Private Placement	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Sources of Funds										Reserves & Surplus	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Paid-up Capital	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Unsecured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Secured Loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>								
Current Liabilities	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>								
Application of Funds										Investments	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Net Fixed Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Misc. Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Current Assets	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>								

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Total Expenditure	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
(+)Profit/(-)Loss Before Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	(+)Profit/(-)Loss After Tax	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Earning Per Share in Rs. Basic & Diluted	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Dividend Rate %	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Product Description	Real Estate, Hotel & Time Share																

For and on behalf of the Board

Harshavardhan Neotia
Director

Naresh Kumar Jain
Director

Rajesh Kumar Arora
Manager (Finance) &
Company Secretary

Place : Kolkata
Date : 29th June, 2002

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(3) AND 212(5) OF THE COMPANIES ACT,1956

a) Name of Subsidiary	Swabhumi Hotels Ltd.
b) Holding Company's Interest	100%
c) Net aggregate amount of subsidiary's profit/losses so far as it concerns the member of Holding Company not dealt with in the Holding Company's Accounts	
i) For the financial year ended 31.03.2002	Profit Rs. NIL *
ii) For the previous financial year since it became subsidiary	Not Applicable. **

* Since the Company has not started the commercial activities, no profit and loss account has been prepared.

** The Company became subsidiary since incorporation on 19.10.2001.

For and on behalf of the Board

Harshavardhan Neotia
Director

Naresh Kumar Jain
Director

Rajesh Kumar Arora
Manager (Finance) and
Company Secretary

Place : Kolkata
Date : 29th June, 2002



DIRECTORS' REPORT

To the Members of SWABHUMI HOTELS LIMITED,

Your Directors have pleasure in presenting the 1st Annual Report and the Audited Accounts of the Company for the period ended 31st March, 2002.

1) OPERATIONAL AND FINANCIAL RESULTS

The Company was incorporated on 19th October, 2001 and received the Certificate of Commencement of Business on 21st January, 2002.

Project and Pre-Operative Expenses pending allocation as on 31st March, 2002 was Rs. 0.04 lac.

2) DIRECTORS

Shri Harshavardhan Neotia, Shri N.K. Jain and Shri R. Kalidas were named as first Directors of the Company in the Articles of Association of the Company.

According to the provisions of the Companies Act, all the first Directors of the Company named in the Articles of Association have to retire at the first Annual General Meeting of the Company. Shri Harshavardhan Neotia, Shri N.K. Jain and Shri R. Kalidas, being the first Directors named in the Articles of Association of the Company would retire at the ensuing 1st Annual General Meeting of the Company. The Company has received notices under section 257 of the Companies Act from members signifying their intention to propose their appointment as Directors liable to retire by rotation at the Annual General Meeting of the Company.

3) DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements u/s. 217(2AA) of the Companies Act, 1956 with reference to Directors' Responsibilities Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial period ended 31.03.2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended 31.03.2002;
- that the Directors have taken proper and sufficient care for the maintenance

of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- that the Directors have prepared the annual accounts for the period ended 31.03.2002 on a going concern basis.

4) AUDITORS

M/s. CHATURVEDI & COMPANY, Chartered Accountants, the present Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to reappoint the Auditors and fix their remuneration.

5) PARTICULARS OF EMPLOYEES

The Company had no employee getting salary more than limits specified in Section 217 (2A) of the Companies Act, 1956.

6) STATUTORY STATEMENTS

No disclosure is required to be given under Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988, relating to Conservation of Energy.

The Company has not so far undertaken any Research and Development Activities or Development of any Technology in the area of construction activities. Disclosure of information relating to foreign exchange earnings and outgo as required under Rule 2 (c) is not applicable since the Company was not engaged in any import/export activity during the year.

7) ACKNOWLEDGEMENT

The Directors take this opportunity to place on record their deep appreciation for the continued support by all local authorities, agencies, etc.

For and on behalf of the Board

Place : Kolkata
Date : 11th May, 2002

N. K. Jain
Director

AUDITORS' REPORT

To the Members of
M/s. Swabhum Hotels Limited, Kolkata

We have audited the attached Balance Sheet of Swabhum Hotels Limited as at 31st March, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement used on our audit.

- We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 we enclose herewith an Annexure stating our comments on matter specified in paragraphs 4 and 5 of the said order to the extent applicable.
 - The Company has not granted/taken any loan, secured, or unsecured to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 (1 of 1956) and / or from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956 (1 of 1956).
 - In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
 - The Company has not accepted any deposit from the public within the meaning of section 58A of the Companies Act, 1956 and rules framed thereunder.
 - In our opinion, the Company has adequate internal audit system commensurate with its size and nature of business.
 - There are no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Excise and Custom Duty outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable.
 - The Company is not required to maintain cost records as prescribed by Central

Government under Section 209(1)(d) of the Companies Act, 1956 (1 of 1956).

- According to the information and explanations given to us, Provident Fund and Employees State Insurance Act are not applicable to the Company.
 - The Company is not a Sick Company within the meaning of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985.
 - The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- Further to our comments in the Annexure referred to in Paragraph - 2 above, we state that :
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - The said Balance Sheet is in agreement with the books of accounts.
 - In our opinion, the Balance Sheet is prepared in compliance with the applicable accounting standards referred to under section 211(3C) of the Companies Act, 1956 (as amended), in so far as, they apply to the Company.
 - On the basis of the written representations received from the Directors, we report that none of the directors is disqualified as on 31-3-2002 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes there on give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view, in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2002.

For CHATURVEDI & COMPANY
Chartered Accountants

Place : Kolkata
Date : 11th May, 2002

Nilima Joshi
Partner

BALANCE SHEET AS AT 31 ST MARCH, 2002

	Schedule	As at 31.03.2002 Rs. in lacs
SOURCES OF FUNDS		
SHAREHOLDERS' FUND		
Share Capital	A	5.00
Reserves & Surplus		-
LOAN FUNDS		-
TOTAL		5.00
APPLICATION OF FUNDS		
Project and Pre-Operative Expenses pending allocation		0.04
(Note T.1 of Schedule D)		
INVESTMENTS		-
CURRENT ASSETS, LOANS & ADVANCES		
Cash & Bank Balances	B	3.24
Other Current Assets		-
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	C	0.04
Provisions		-
NET CURRENT ASSETS		3.20
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses		1.76
TOTAL		5.00
NOTES FORMING PART OF THE ACCOUNTS	D	
Schedules form an integral part of accounts		

SCHEDULES TO ACCOUNTS

	Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL	
Authorised	
10,00,000 Equity Shares of Rs. 10/- each	100.00
Issued, Subscribed and Paid Up	
50,000 Equity Shares of Rs. 10/- each	5.00
	5.00
SCHEDULE 'B' – CASH & BANK BALANCES	
Cash in Hand	-
Balance with Scheduled Bank ...	3.24
On Current Account	3.24
	3.24
SCHEDULE 'C' – CURRENT LIABILITIES	
Sundry Creditors	0.02
Advance from Others	0.02
	0.04
SCHEDULE 'D' – NOTES ON ACCOUNTS	
1. SIGNIFICANT ACCOUNTING POLICIES	
1.1 Project and Pre-operative Expenses Pending Allocation	
It is the Company's intention to capitalise a part of Project and Pre-operative expenses when commercial operations begin. The amount to be capitalised or otherwise will be determined in accordance with accepted accounting principles.	
Account Head	Amount Rs. in lacs
(a) Professional Tax	0.02
(b) Auditors' Remuneration - Audit Fees	0.02
	0.04
1.2 Preliminary Expenses	
Preliminary expenses will be amortised over a period of ten years after commencement of commercial operations.	
2. Since the company has not started the commercial activity, no Profit & Loss Account has been prepared.	
3. The Company was incorporated on 19th October, 2001 and these are the first accounts of the Company.	

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As per our attached report of even date For and on behalf of the Board

For CHATURVEDI & COMPANY Harshavardhan Neotia
Chartered Accountants Director

Nilima Joshi Naresh Kumar Jain
Partner Director

Place : Kolkata
Dated : 11th May, 2002

For and on behalf of the Board

For CHATURVEDI & COMPANY Harshavardhan Neotia
Chartered Accountants Director

Nilima Joshi Naresh Kumar Jain
Partner Director

Place : Kolkata
Dated : 11th May, 2002

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

9

3

8

6

4

 State Code

2

1

Balance Sheet Date

3

1

0

3

2

0

0

2

Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue

N

i

l

 Rights Issue

N

i

l

Bonus Issue

N

i

l

 Private Placement

5

0

0

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

5

0

4

 Total Assets

5

0

4

Sources of Funds Reserves & Surplus

Paid-up Capital

5

0

0

N

i

l

Secured Loans Unsecured Loans

N

i

l

N

i

l

Current Liabilities

4

Application of Funds Investments

Net Fixed Assets

4

N

i

l

Current Assets Misc. Expenditure

3

2

4

1

7

6

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

N

i

l

 Total Expenditure

N

i

l

(+)Profit/(-)Loss Before Tax (+)Profit/(-)Loss After Tax

N

i

l

N

i

l

Earning Per Share in Rs. Basic & Diluted Dividend Rate %

N

A

N

A

V. Generic Name of Principal Product of Company

Item Code No. Running of Hotels

(ITC Code)

Product Description

For and on behalf of the Board

Harshavardhan Neotia
Director

Naresh Kumar Jain
Director

Place : Kolkata
Dated : 11th May, 2002

DIRECTORS' REPORT

To the Members,

The Directors hereby present the Fourteenth Annual Report alongwith Audited Accounts for the year ended on 30th June, 2002.

1. FINANCIAL RESULTS

The highlights of the financial results for the year ended 30th June, 2002 are :-

	Current year Rs. in lacs	Previous year Rs. in lacs
Gross Income	1.61	1.38
Profit before Tax	0.95	0.72
Provision for taxation	0.29	0.57
Net Profit after Taxation	0.66	0.15
Add: Balance brought forward from previous year	22.57	22.42
Profit available for appropriation	23.23	22.57
Appropriation:		
Balance carried forward	23.23	22.57

2. OPERATIONS

There were no operations during the year. The funds of the Company were kept deployed in Fixed Deposits with the Bank throughout the year.

3. DIVIDEND

In order to conserve resources for the business, your directors do not recommend any dividend for the year ended 30th June, 2002 (previous year 'Nil') and carry forward the entire amount of Rs. 23.23 lacs to next accounting year.

4. PROJECT PROGRESS

The Company's project to manufacture cement at Marwar Mundwa, Dist. Nagaur in the state of Rajasthan is still under implementation stage. During the year the Company has incurred a sum of Rs.1.70 lacs (Previous year Rs.1.04 lacs) as pre-operative expenses which will be capitalised on completion of the project.

5. DIRECTORS

Mr. B. L. Taparia and Mr. P. B. Kulkarni, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

6. AUDITORS

M/s. S. Bhandari & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions u/s. 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 Directors confirm that :-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;
- appropriate accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 30th June, 2002 and of the profit of the Company for the year ended on 30th June, 2002;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis.

8. COMPLIANCE CERTIFICATE

The Compliance Certificate issued by M/s Surendra Kanstiya Associates, Company Secretaries, in terms of Section 383A of Companies Act, 1956 is annexed hereto and forms part of this Directors' Report.

9. EMPLOYEES

The Company had no employees getting salary in excess of the limits specified in Section 217(2A) of the Companies Act, 1956.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The relevant information to be given pursuant to Section 217 (1) (e) of the Companies Act, 1956 is not given as the Company is under project implementation stage.

On behalf of Board of Directors

Place: Mumbai
Date : 24th July, 2002

P. B. Kulkarni B. L. Taparia
Director Director



COMPLIANCE CERTIFICATE

Registration No. of the Company: 17-4229

Nominal Capital : Rs. 25 Crores

To

The Members

INDO NIPPON SPECIAL CEMENTS LIMITED

B 104, Udai Marg, Tilak Nagar,

Jaipur 302 004.

We have examined the registers, records, books and papers of INDO NIPPON SPECIAL CEMENTS LIMITED, (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 30th June, 2002 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder. The Company not required to file any forms or returns with Regional Director, Central Government, Company Law Board or other authorities.
3. The Company is a public limited company and has the minimum prescribed paid up capital.
4. The Board of Directors duly met five times respectively on 27th July, 2001, 31st July, 2001, 14th November, 2001, 13th February, 2002 and 1st May, 2002 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 30th June, 2001 was held on 7th September, 2001 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate certificate during the financial year.
13. The Company has:
 - (i) not made any allotment/transfer/transmission of securities during the financial year.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) not posted warrants to any member of the Company as no dividend was declared during the financial year.

- (iv) no amount lying in the Books of Account in respect of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.
- (v) duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any managing director/whole-time director/manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 30th June, 2002.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to comply with the provisions of section 418 of the Act.

Place : Mumbai

Name of the Company Secretary : Surendra U. Kanstiya

Date : 25th July, 2002

C. P. No. : 1744

ANNEXURE "A" TO THE COMPLIANCE CERTIFICATE

Registers as maintained by the Company

- 1. Register of Member under Section 150.
- 2. Register of companies and firms in which directors are interested under Section 301(3).
- 3. Register of Director, Managing Director, Secretary under Section 303.
- 4. Register of Directors' Shareholdings under Section 307.
- 5. Register of Transfers.
- 6. Minutes of the General Meetings and Board Meetings under Section 193.

Place : Mumbai

Name of the Company Secretary : Surendra U. Kanthiya

Date : 25th July, 2002

C. P. No. : 1744

ANNEXURE "B" TO THE COMPLIANCE CERTIFICATE

Forms and Returns as filed by the Company during the financial year ended 30th June, 2002.

* with Registrar of Companies:

S. No.	Form No. / Return	Filed Under Section	For	Date of Filing	Whether filed Within prescribed Time Yes/No	If Delay in Filing whether requisite additional Fee Paid Yes/No
1.	Annual Return	159	AGM held on 07.09.2001	01.10.2001	Yes	No
2.	Annual Accounts	220	Year ended 30.06.2001	01.10.2001	Yes	No
3.	Compliance Certificate	383A(1)	Year ended 30.06.2001	01.10.2001	Yes	No

* With Regional Director, Central Government, any other authority: Nil

Place : Mumbai

Name of the Company Secretary : Surendra U. Kanthiya

Date : 25th July, 2002

C. P. No. : 1744

AUDITORS' REPORT

TO THE MEMBERS OF INDO NIPPON SPECIAL CEMENTS LTD.

We have audited the attached Balance Sheet of INDO NIPPON SPECIAL CEMENTS LTD. as at 30th June, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that :-

1. As required by the Manufacturing and Other Companies (Auditor's Report Order, 1988) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure I, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred above, we state that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of such books.

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ;
- (v) On the basis of written representations received from the directors as on 30th June, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June, 2002 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes in Schedule H, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 2002 and
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

For S. BHANDARI & CO.
Chartered Accountants

Place : Jaipur
Date : 25th July, 2002

P. D. Baid
Partner

ANNEXURE-I TO THE AUDITORS' REPORT

Referred to in Para I of our report of even date for the year ended 30th June, 2002 (M/s INDO NIPPON SPECIAL CEMENTS LTD.)

1. There are no fixed assets with the Company except allotted leasehold land, relevant particulars whereof have duly been entered in Fixed Assets Register.
2. The leasehold land has not been revalued during the year.
3. There has been no stock of raw materials, finished goods and stores & spare parts, hence the clause is not applicable.
4. Not applicable in view of (3) above.
5. Not applicable in view of (3) above.
6. There has been no stock of raw materials, finished goods and stores and spare parts, hence the clause is not applicable.
7. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from the companies under the same management as defined under Sub-Section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 and to the Companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
9. No loans or advances in the nature of loans have been given to any other party.
10. No purchases of stores, raw material including components, plant & machinery, equipment and other assets have been made and also there have been no sales during the year.
11. There has been no transaction of purchase of goods and materials and sale of goods and materials and services made in pursuance of contracts and arrangements

entered in register maintained U/s 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000/- or more in respect of each party.

12. There is no stock of finished goods, raw materials and stores, hence the clause is not applicable.
13. The Company has not accepted any deposits from the public and consequently the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 are not applicable.
14. There is no sale or disposal of scrap & by products.
15. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
16. The provisions of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company as there is no manufacturing activity during the year.
17. The provisions of the Provident Fund Act & the Employees State Insurance Act are not applicable to the Company.
18. There were no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty & Excise Duty outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses have been charged to Revenue Account.
20. The Company is not a Sick Industrial Company within the meaning of Clause (i) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For S. BHANDARI & CO.
Chartered Accountants

Place : Jaipur
Date : 25th July, 2002

P. D. Baid
Partner

BALANCE SHEET AS AT 30TH JUNE, 2002

	Schedule	As at 30.6.2002 Rs. in lacs	As at 30.06.2001 Rs. in lacs
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	30.00	30.00
Reserves & Surplus	B	23.23	22.57
TOTAL		53.23	52.57
APPLICATION OF FUNDS			
FIXED CAPITAL EXPENDITURE			
Fixed Assets (Land Leasehold)		13.34	13.34
Pre operative Expenses during construction (Pending allocation)	C	8.58	6.88
		21.92	20.22
CURRENT ASSETS, LOANS & ADVANCES			
Cash & Bank Balances	D	21.35	23.50
Loans and Advances		11.17	10.15
		32.52	33.65
Less: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	E	2.41	2.66
Provisions		-	0.24
		2.41	2.90
Net Current Assets		30.11	30.75
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Preliminary Expenses		1.20	1.60
TOTAL		53.23	52.57
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	H		

PROFIT & LOSS ACCOUNT FOR THE FINANCIAL
YEAR ENDED 30TH JUNE 2002

	Schedule	2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
INCOME			
Other Income	F	1.61	1.38
		1.61	1.38
EXPENDITURE			
Operational & Administrative Expenses	G	0.26	0.26
Preliminary Expenses Written off		0.40	0.40
		0.66	0.66
Profit before taxation		0.95	0.72
Provision for Income Tax		0.29	0.57
Profit for the year		0.66	0.15
Balance brought forward from previous year		22.57	22.42
		23.23	22.57
Tax adjustment relating to earlier years credit Re. 12/- (Previous Year debit Rs.1/-)			
		23.23	22.57
Balance Carried to Balance Sheet			
		23.23	22.57
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS			
	H		



As per our attached Report of even date

For S. BHANDARI & CO.
Chartered AccountantsP. D. Baid
PartnerPlace : Jaipur
Date : 25th July, 2002

For and on behalf of the Board

B. L. Taparia P. B. Kulkarni
Director DirectorPlace : Mumbai
Date : 24th July, 2002

As per our attached Report of even date

For S. BHANDARI & CO.
Chartered AccountantsP. D. Baid
PartnerPlace : Jaipur
Date : 25th July, 2002

For and on behalf of the Board

B. L. Taparia P. B. Kulkarni
Director DirectorPlace : Mumbai
Date : 24th July, 2002

SCHEDULE 'A' TO 'H' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE , 2002

2001-2002 2000-2001
Rs. in lacs Rs. in lacs

As at
30.6.2002 **As at**
30.6.2001
Rs. in lacs **Rs. in lacs**

SCHEDULE 'A' – SHARE CAPITAL

Authorised :

2,50,00,000 Equity shares of Rs.10/- each **2,500.00** 2,500.00

Issued, Subscribed & Paid-up :

3,00,000 Equity Shares of Rs.10/- each fully paid-up
(All the above 3,00,000 Equity Shares are held by the
holding company, Gujarat Ambuja Cements Limited) **30.00** 30.00

TOTAL **30.00** 30.00

SCHEDULE 'B' – RESERVES & SURPLUS

Surplus as per Profit & Loss A/c **23.23** 22.57

TOTAL **23.23** 22.57

SCHEDULE 'C' – PREOPERATIVE EXPENDITURE DURING CONSTRUCTION (Pending allocation)

Balance at the beginning of the year **6.88** 5.84

Rent **1.70** 1.04

TOTAL **8.58** 6.88

SCHEDULE 'D' – CURRENT ASSETS, LOANS & ADVANCES

I. CASH & BANK BALANCES

Bank Balance with Scheduled Banks

In Current Account **3.80** 5.92

In Fixed Deposits (Out of this, Fixed Deposit Receipts of Rs. 0.04 lac is pledged with Government Department, previous year Rs. 0.04 lac) **17.20** 17.20

Interest accrued on Fixed Deposits **0.35** 0.38

TOTAL (I) **21.35** 23.50

II. LOANS AND ADVANCES

(Unsecured, considered good)

Advances recoverable in cash or in kind for value to be received **0.66** 0.08

Income Tax Refundable **0.34** –

Deposits **10.17** 10.07

TOTAL (II) **11.17** 10.15

TOTAL (I+II) **32.52** 33.65

SCHEDULE 'E' – CURRENT LIABILITIES & PROVISIONS

I. CURRENT LIABILITIES

Other Liabilities for Expenses **2.41** 2.66

TOTAL (I) **2.41** 2.66

II. PROVISIONS

Provision for tax (net of advance tax) – 0.24

TOTAL (II) – 0.24

TOTAL (I+II) **2.41** 2.90

SCHEDULE 'F' – OTHER INCOME

Interest **1.61** 1.38

TOTAL **1.61** 1.38

SCHEDULE 'G' – OPERATIONAL & ADMINISTRATIVE EXPENSES

Auditor's Remuneration :

Audit fees **0.08** 0.08

Certification fees **0.04** 0.04

Income Tax work **0.03** 0.03

Audit expenses – 0.01

Internal Audit fees **0.05** 0.05

Bank Charges **0.01** –

Professional Charges **0.02** –

Miscellaneous Expenditure **0.03** 0.05

TOTAL **0.26** 0.26

SCHEDULE 'H' – ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Significant accounting policies and notes on accounts to and forming part of the Balance Sheet and Profit and Loss account for the year ended on 30th June, 2002

1. SIGNIFICANT ACCOUNTING POLICIES :

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on the accrual basis.

(ii) The expenditure incurred in respect of the mines owned by the Company are being treated as pre operative expenditure pending commencement of the commercial operations.

2. NOTES ON ACCOUNTS :

(i) Provision for Income-tax has been made on the basis of income for the Income-tax Previous Year 2001-2002 as per the accounts prepared for the Income-tax purposes. The income, if any, for the period from 1st April, 2002 to 30th June, 2002, forming part of annexed Accounts, will be assessed as a part of the composite income relevant to the Income-tax Previous Year ending on 31st March, 2003. As a result the tax liability, if any, in respect of assessable income of the said three months, cannot be quantified at present and hence, no provision is made therefor.

(ii) Additional information pursuant to the provisions of the paragraph 1&2 of the Part II of the Schedule VI to the Companies Act, 1956 are either Nil or Not Applicable.

3. Previous year's figure have been regrouped/ rearranged wherever considered necessary.

4. Figures Less than Rs.500/- have been shown at actuals wherever statutorily required to be disclosed since the figures have been rounded off to nearest thousand of rupees.

Signatures to Schedules 'A' to 'H'

As per our attached Report of even date

For S. BHANDARI & CO.

Chartered Accountants

For and on behalf of the Board

P. D. Baid

Partner

B. L. Taparia

Director

P. B. Kulkarni

Director

Place : Jaipur

Date : 25th July, 2002

Place : Mumbai

Date : 24th July, 2002

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	<table><tr><td></td><td></td><td></td><td></td><td></td><td>4</td><td>2</td><td>2</td><td>9</td></tr></table>						4	2	2	9	State Code	<table><tr><td>1</td><td>7</td></tr></table>	1	7
					4	2	2	9						
1	7													
Balance Sheet Date	<table><tr><td>3</td><td>0</td></tr></table>	3	0	<table><tr><td>0</td><td>6</td></tr></table>	0	6	<table><tr><td>2</td><td>0</td><td>0</td><td>2</td></tr></table>	2	0	0	2	Date	Month	Year
3	0													
0	6													
2	0	0	2											

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l	Rights Issue	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l
		N	i	l									
		N	i	l									
Bonus Issue	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l	Private Placement	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l
		N	i	l									
		N	i	l									

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<table><tr><td></td><td>5</td><td>3</td><td>2</td><td>3</td></tr></table>		5	3	2	3	Total Assets	<table><tr><td></td><td>5</td><td>3</td><td>2</td><td>3</td></tr></table>		5	3	2	3
	5	3	2	3									
	5	3	2	3									
Sources of Funds		Reserves & Surplus	<table><tr><td></td><td>2</td><td>3</td><td>2</td><td>3</td></tr></table>		2	3	2	3					
	2	3	2	3									
Paid-up Capital	<table><tr><td></td><td>3</td><td>0</td><td>0</td><td>0</td></tr></table>		3	0	0	0	Unsecured Loans	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l
	3	0	0	0									
		N	i	l									
Secured Loans	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l							
		N	i	l									
Application of Funds		Investments	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l					
		N	i	l									
Net Fixed Assets	<table><tr><td></td><td>2</td><td>1</td><td>9</td><td>2</td></tr></table>		2	1	9	2	Misc. Expenditure	<table><tr><td></td><td></td><td>1</td><td>2</td><td>0</td></tr></table>			1	2	0
	2	1	9	2									
		1	2	0									
Net Current Assets	<table><tr><td></td><td>3</td><td>0</td><td>1</td><td>1</td></tr></table>		3	0	1	1							
	3	0	1	1									

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l	Total Expenditure	<table><tr><td></td><td></td><td></td><td>6</td><td>6</td></tr></table>				6	6
		N	i	l									
			6	6									
+/- Profit/Loss Before Tax	<table><tr><td>+</td><td></td><td></td><td>9</td><td>5</td></tr></table>	+			9	5	+/- Profit/Loss After Tax	<table><tr><td>+</td><td></td><td></td><td>6</td><td>6</td></tr></table>	+			6	6
+			9	5									
+			6	6									
Earning Per Share in Rs.	<table><tr><td></td><td>0</td><td>.</td><td>2</td><td>2</td></tr></table>		0	.	2	2	Dividend Rate %	<table><tr><td></td><td></td><td>N</td><td>i</td><td>l</td></tr></table>			N	i	l
	0	.	2	2									
		N	i	l									

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code)	<table><tr><td>2</td><td>5</td><td>2</td><td>3</td><td>2</td><td>9</td><td>.</td><td>0</td><td>1</td></tr></table>	2	5	2	3	2	9	.	0	1
2	5	2	3	2	9	.	0	1		
Product Description	: Other Grey Portland Cement									

For and on behalf of the Board

B. L. Taparia
Director

P. B. Kulkarni
Director

Place : Mumbai
Date : 24th July, 2002

DIRECTORS' REPORT

To The Members,

The Directors hereby present the Twentysecond Annual Report alongwith Audited Accounts for the year ended on 31st March, 2002.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2002 are as under:-

	Current year Rs. in lacs	Previous Year Rs. in lacs
Gross Income	<u>262.10</u>	<u>222.79</u>
Profit/(Loss) before Taxation	4.45	(25.37)
Provision for Tax	<u>0.30</u>	<u>-</u>
Profit/(Loss) after Taxation	4.15	(25.37)
Less: Transferred to Reserve Fund in terms of Section - 45 IC(1) of RBI Act, 1934	<u>0.83</u>	<u>-</u>
	3.32	(25.37)
Add: Balance brought forward from previous year	10.03	30.85
Add: Adjustments due to amalgamation of subsidiary Companies	-	3.71
Add: Tax refund of earlier years	-	0.84
Balance available for appropriation	<u>13.35</u>	<u>10.03</u>
APPROPRIATION:		
Balance carried forward	13.35	10.03
	<u>13.35</u>	<u>10.03</u>

2. CONVERSION OF COMPANY & CHANGE OF NAME

Consequent to the Companies Amendment Act, 2000, the status of the Company was changed from a Deemed Public Company to a Public Limited Company w.e.f. 28th February, 2002. The Registrar of Companies, Maharashtra issued a fresh Certificate of Incorporation dated 11th April, 2002 by which the name of the Company has been changed to GACL Finance Limited in pursuance of the Order passed by the Hon'ble High Court of Bombay vide their order dated 27th June 2001.

3. DIVIDEND

In order to conserve resources for the business, your Directors do not recommend any dividend for the year ended 31st March 2002 (Previous year Nil) and carry forward the entire amount of Rs. 13.35 lacs to next accounting year.

4. DIRECTORS

Mr. Anil Singhvi, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

5. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

6. AUDITORS

M/s.Narayan Pasari & Co., Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act as amended by the Companies (Amendment) Act, 2000 Directors confirm that :-

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanations relating to material departures;
- appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2002 and of the profit of the Company for the year ended on 31st March, 2002.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Annual Accounts have been prepared on a going concern basis.

8. EMPLOYEES

The Company had no employees getting salary more than limits specified in Section 217 (2A) of the Companies Act, 1956.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The relevant information to be given pursuant to Section 217 (1)(e) of the Companies Act, 1956 is not given as the same is not applicable.

For and on behalf of Board

Place : Mumbai
Date : 31st July, 2002

B. L. Taparia Anil Singhvi
Director Director

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AUDITORS' REPORT

TO THE MEMBERS OF
GACL FINANCE LIMITED
[Formerly known as Veer Narayan Trading And Investment Company Limited]

1. We have audited the attached Balance sheet of GACL Finance Limited (Formerly known as Veer Narayan Trading and Investment Company Limited) as on 31st March, 2002 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion proper Books of Accounts as required by law have been kept by the Company so far as it appears from our examination of those Books.
- c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
- d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent made mandatory.
- e) On the basis of representations/ confirmations received from the concerned directors, none of the directors is disqualified from being appointed as a director under section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view :-
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For NARAYAN PASARI & CO.
Chartered Accountants

Place : Mumbai
Dated : 31st July, 2002

Narayan Pasari
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our Report of even date)

On the basis of such checks as we considered appropriate and on the information and explanations given to us, we further report as under:-

- (i) The Company has maintained proper records showing the full particulars including quantitative details and situation of fixed assets. These assets have been physically verified at reasonable intervals by the management during the year and no material discrepancies were noticed on such verification.
- (ii) None of the fixed assets has been revalued during the year.
- (iii) The Stocks of shares and securities have been physically verified by the management at reasonable intervals during the year.
- (iv) In our opinion, the procedure followed by the management for physical verification of stocks is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) No material discrepancies have been noticed on physical verification of stocks as compared to book records in so far as it appears from our examination of the books.
- (vi) In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) The Company has taken an unsecured loan from the Holding Company during the year. In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company. The Company has not taken any other loans, secured or unsecured from companies, firms or other parties as listed in the Register maintained under Section 301 and from companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- (viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 and/or to companies under the same management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956.
- (ix) The parties to whom loans have been given by the Company are repaying the principal amounts as stipulated and have also been regular in payment of interest, wherever applicable.

- (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business for the purchase and sale of shares and securities.
- (xi) The Company has no transactions of purchase or sale of shares and securities in excess of Rs.50,000/- in value from parties entered in the register maintained under section 301 of the Companies Act, 1956, and hence there does not arise any question of reasonability of prices paid or received.
- (xii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (xiii) The Company has not accepted any deposits from public within the purview of the section 58A of the Companies Act, 1956.
- (xiv) On the basis of the records of the Company there were no undisputed amounts payable in respect of Income tax and Sales tax which have remained outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable. We have been informed that the laws under Wealth Tax, Customs Duty and Excise Duty do not apply to the Company.
- (xv) Based on the accounts verified by us, we are of the opinion that there are no personal expenses either pertaining to the directors or to employee charged to revenue account.
- (xvi) The Company is not a sick industrial Company within the meaning of Clause (a) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.
- (xvii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
- (xviii) In respect of the Company's dealing/trading in shares and securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares and securities have been held by the Company in its own name, except to the extent of exemption granted under Section 49 of the Companies Act, 1956.
- (xix) In our opinion and taking in to consideration the nature of business of the Company other clauses of the said Order are not applicable to the Company for the year under audit.

For NARAYAN PASARI & CO.
Chartered Accountants

Place : Mumbai
Dated : 31st July, 2002

Narayan Pasari
Proprietor

BALANCE SHEET AS AT 31ST MARCH, 2002

			As at 31.3.2002	As at 31.3.2001
	Schedule	Rs. in lacs	Rs. in lacs	Rs. in lacs
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	5.00		5.00
Reserves and Surplus	B	25.83		21.68
			30.83	26.68
LOAN FUNDS				
Unsecured Loan			125.00	250.00
(From the Holding Company)				
TOTAL			155.83	276.68
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	C	59.62		59.62
Less: Depreciation		35.13		30.94
Net Block			24.49	28.68
INVESTMENTS	D		17.21	17.21
CURRENT ASSETS, LOANS & ADVANCES				
Current Assets				
Inventories	E	94.30		141.75
Cash and Bank Balances ..	F	4.62		79.72
Loans & Advances	G	29.62		26.75
		128.54		248.22
Less: CURRENT LIABILITIES & PROVISIONS	H	14.41		17.43
NET CURRENT ASSETS			114.13	230.79
TOTAL			155.83	276.68
NOTES FORMING PART OF THE ACCOUNTS				
	I			

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

		2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
	Schedule		
INCOME			
Sales		153.25	56.32
Dividends		0.57	0.42
Rent Received (Tax deducted at source Rs. 2.45 lacs, Previous year Rs. 2.65 lacs)		12.00	12.00
Interest Received on Debentures - Gross Rs. 420 (Tax deducted at source Rs. 85/-, Previous year Rs. 1.49 lacs) .			6.76
Others -Gross (Tax deducted at source Rs. 0.03 lacs, Previous year Rs. 0.03 lacs)		0.16	0.12
Income from Badla		-	4.48
Other Income		1.82	0.94
Closing Stocks	E	94.30	141.75
		262.10	222.79
EXPENDITURE			
Opening Stocks		141.75	234.20
Purchase of Shares		86.70	0.54
Loss on sale of Investments		-	0.59
Interest Paid		19.86	3.29
Administrative expenses		1.89	2.40
Legal and Professional Charges		2.75	1.37
Repairs & Maintenance		0.22	0.22
Rent, Rates and Taxes		0.03	0.21
Auditors' remuneration			
Audit Fees		0.21	0.21
Tax Audit Fees		0.05	0.05
Other Services		-	0.03
Depreciation		4.19	5.05
		257.65	248.16
Profit/(Loss) before tax		4.45	(25.37)
Less: Provision for taxation - Current		0.30	-
Profit/(Loss) after tax		4.15	(25.37)
Less: Transferred to Reserve Fund in terms of Section - 45 IC (1) of Reserve Bank of India Act, 1934		0.83	-
		3.32	(25.37)
Add: Balance as per last Account		10.03	30.85
Add: Balance transferred on amalgamation of erstwhile GACL Finance Limited		-	87.64
Add: Balance transferred on amalgamation of Concrete Investments Limited		-	24.18
Less: Excess of Liabilities over Assets takenover pursuant to the scheme of amalgamation		-	108.11
Balance of Profit		13.35	9.19
Add: Tax Refund of earlier years		-	0.84
Balance carried to Balance Sheet		13.35	10.03
NOTES FORMING PART OF THE ACCOUNTS			
	I		

As per our attached report of even date For and on behalf of the Board

For NARAYAN PASARI & CO. Chartered Accountants

B. L. Taparia
Anil Singhvi
Jayesh Doshi } Directors

Narayan Pasari
Proprietor

Mumbai, 31st July, 2002

Mumbai, 31st July, 2002

As per our attached report of even date For and on behalf of the Board

For NARAYAN PASARI & CO. Chartered Accountants

B. L. Taparia
Anil Singhvi
Jayesh Doshi } Directors

Narayan Pasari
Proprietor

Mumbai, 31st July, 2002

Mumbai, 31st July, 2002

SCHEDULES 'A' TO 'I' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	As at 31.3.2002 Rs. in lacs	As at 31.3.2001 Rs. in lacs
SCHEDULE 'A' – SHARE CAPITAL		
Authorised		
10,000 Equity shares of Rs.100/- each	10.00	10.00
40,000 15% Cumulative Preference Shares of Rs. 100/- each	40.00	40.00
	<u>50.00</u>	<u>50.00</u>
Issued, Subscribed and paid-up		
5,000 Equity shares of Rs.100/- each fully paid up	5.00	5.00
[All the above 5,000 Equity Shares are held by the Holding Company, Gujarat Ambuja Cements Limited]		
	<u>5.00</u>	<u>5.00</u>

SCHEDULE 'B' – RESERVES AND SURPLUS

General Reserve

Balance transferred on amalgamation of erstwhile GACL Finance Limited	–	13.37
Balance transferred on amalgamation of Concrete Investment Limited	–	0.99
Less: Reduction on account of excess of liabilities over Assets as per the scheme of amalgamation	–	14.36
	<u>–</u>	<u>–</u>

Share Premium Account

Balance transferred on amalgamation of GACL Finance Limited	–	36.00
Less: Reduction on account of excess of liabilities over Assets as per the scheme of amalgamation	–	36.00
	<u>–</u>	<u>–</u>

Reserve Fund in terms of Section - 45-IC(1) of Reserve Bank of India Act, 1934	11.65	11.65
Set aside this year	<u>0.83</u>	<u>–</u>
	12.48	11.65
Surplus as per Profit and Loss Account	<u>13.35</u>	<u>10.03</u>
	<u>25.83</u>	<u>21.68</u>

SCHEDULE 'C' – FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 1.4.2001	Additions/ Deductions During the year	Takenover on Amalga- mation	As on 31.3.2002	Up to 31.3.2001	Balance Added on Amalga- mation	Provided for the Year	Deduction/ Adjustments During the Year	Up to 31.3.2002	As at 31.3.2002	As at 31.3.2001
Premises	19.77	–	–	19.77	12.24	–	0.38	–	12.62	7.15	7.53
Computers	2.51	–	–	2.51	1.87	–	0.10	–	1.97	0.54	0.64
Furniture & Fixtures	37.34	–	–	37.34	16.83	–	3.71	–	20.54	16.80	20.51
TOTAL	59.62	–	–	59.62	30.94	–	4.19	–	35.13	24.49	28.68
Previous Year's Total	57.11	0.71	1.80	59.62	24.14	1.75	5.05	–	30.94	28.68	

SCHEDULE 'D' – INVESTMENTS – (At Cost)

In Immovable Property - Premises	17.21	17.21
	<u>17.21</u>	<u>17.21</u>

SCHEDULE 'E' – INVENTORIES

(At Lower of Cost or Market Value)

Name of the Company	Number of Shares	Face Value Rupees per Share	As at 31.03.2002 Rs. in lacs
FULLY PAID EQUITY SHARES			
Quoted			
Ambuja Cement Eastern Limited	25 (25)	10	0.01 (0.01)
The Associated Cement Companies Limited	82 (82)	10	0.10 (0.10)
Binani Industries Limited	10 (10)	10	0.01 (0.01)
Birla Corp Limited	150 (200)	10	0.03 (0.03)

SCHEDULE 'E' – INVENTORIES (Contd.)

(At Lower of Cost or Market Value)

Name of the Company	Number of Shares	Face Value Rupees per Share	As at 31.03.2002 Rs. in lacs
Chettinad Cement Corporation Limited	100 (100)	10	0.01 (0.01)
Central India Polyesters Limited	23,850 (47,700)	10	0.46 (0.95)
[Formerly known as DCL Polyester Limited]			
Dalmia Cement (Bharat) Limited	66 (66)	10	0.03 (0.03)
Gujarat Sidhee Cement Limited	100 (100)	10	0.01 (0.01)
The India Cements Limited	1,147 (1,147)	10	0.34 (0.41)
Jaiprakash Industries Limited	10 (10)	10	0.01 (0.01)
Kesoram Industries Limited	25 (25)	10	0.01 (0.01)
Kanoria Industries Limited	625 (625)	10	0.03 (0.03)

SCHEDULE 'E' – INVENTORIES (Contd.)

(At Lower of Cost or Market Value)

Name of the Company	Number of Shares/ Debentures	Face Value Rupees per Share/ Debentures	As at 31.03.2002 Rs. in lacs
Larsen & Toubro Limited	50 (50)	10	0.09 (0.10)
Mangalam Cement Limited	25 (25)	10	
Mysore Cements Limited	500 (500)	10	0.03 (0.05)
OCL India Limited	100 (100)	10	0.04 (0.04)
Prism Cement Limited	100 (100)	10	0.01 (0.01)
Priyadarshini Cement Limited	595,500 (595,500)	10	82.76 (86.34)
Shree Cements Limited	200 (200)	10	0.03 (0.03)
Willard India Limited	4,500 (4,500)	10	0.02 (0.02)
Sub - Total (I)	627,165 (651,065)		84.03 (88.20)

FULLY PAID EQUITY SHARES

Unquoted

Ind Global Financial Trust Limited	– (100,000)	10	– (12.50)
Teg's Masrado Limited	10,000 (10,000)	100	10.00 (10.00)
Sub - Total (II)	10,000 (110,000)		10.00 (22.50)

FULLY PAID DEBENTURES

Quoted

United Phosphorus Limited	70 (70)	100	0.02 (0.04)
– (Non - Convertible)			
Sub - Total (III)	70 (70)		0.02 (0.04)

PARTLY PAID EQUITY SHARES

Quoted

Metalco India Limited	10,000 (10,000)	10	0.25 (0.25)
Sub - Total (IV)	10,000 (10,000)		0.25 (0.25)

UNITS OF OTHER MUTUAL FUNDS

Unquoted

Prudential ICICI Income Plan - Growth	– (259,803.338)	10	– (30.76)
Sub - Total (V)	– (259,803.338)		– (30.76)
TOTAL I + II + III + IV + V	647,235 (1,030,938.338)		94.30 (141.75)

Previous year figures are in brackets

SCHEDULE 'F' – CASH AND BANK BALANCES

Cash on hand	0.03	0.31
Bank Balance :		
With Scheduled Bank		
In Current Accounts	4.59	79.41
	<u>4.62</u>	<u>79.72</u>

SCHEDULE 'G' – LOANS AND ADVANCES

(Unsecured, Considered good) :

Advance recoverable in cash or kind or for value to be received	1.44	1.25
Advance Tax & Tax Deducted at Source	25.61	22.93
Loan to a Company	1.00	1.00
Deposits	1.57	1.57
	<u>29.62</u>	<u>26.75</u>

SCHEDULE 'H' – CURRENT LIABILITIES
& PROVISIONS

Current Liabilities:		
Liability for Expenses	0.26	3.58
Provisions:		
Provision for Taxation	14.15	13.85
	<u>14.41</u>	<u>17.43</u>

SCHEDULE 'I' – NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- System of Accounting:
The Company prepares its financial statements in accordance with the generally accepted accounting principles and the requirements of the Companies Act, 1956.
- Revenue Recognition:
Income and expenditure are accounted for on accrual basis.
- Fixed Assets:
Fixed Assets are stated at cost of acquisition, less accumulated depreciation.
- Depreciation:
Depreciation on assets is provided as per the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 under the Written Down Value method.
- Investments:
Investments are stated at cost.
- Inventories:
Inventories comprising of shares, debentures and other securities have been valued at lower of cost or market value.

- The Company has changed its name to GACL Finance Limited with effect from April 11, 2002. A new certificate to this effect has been received from Registrar of Companies, Maharashtra.
- Contingent liability not provided for in the accounts in respect of demand raised by Income Tax Authorities amounting to Rs. 7.75 lacs (Previous year Rs. 7.75 lacs) - not acknowledged as debt by the Company and appealed against.

SCHEDULE 'T' - NOTES FORMING PART OF THE ACCOUNTS (Contd.)

4. (a) Provision for Taxation current year represents Minimum Alternate Tax payable in accordance with provision of Section 115JB of the Income Tax Act, 1961. Further a carried forward balance of Rs. 0.74 lacs as at the year is available for set off in future under Section 115 JAA of the said Act.
- (b) As per Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the timing difference relating mainly to depreciation and unabsorbed losses upto the period 31st March, 2001 and for the year ended 31st March, 2002 results into net Deferred Assets. As a measure of prudence the net Deferred Assets relating to the above periods have not been recognised in the accounts.
5. The figures of the previous year have been regrouped and rearranged wherever necessary.
6. Additional information pursuant to Part II of Schedule VI of the Companies Act, 1956 to the extent applicable is furnished below:

Details of Trading Activities:

Class of Goods	Shares	Debentures	Units
(i) Opening Stock :			
Quantity (Nos.)	7,71,065 (9,16,145)	70 (71)	2,59,803.338 (2,59,803.338)
Value (Rs. in Lacs)	110.96 (153.39)	0.03 (50.05)	30.76 (30.76)
(ii) Purchases :			
Quantity (Nos.)	33,150 (1,120)	- (-)	- (-)
Value (Rs. in Lacs)	86.70 (0.54)	- (-)	- (-)
(iii) Sales :			
Quantity (Nos.)*	1,57,050 (1,46,200)	- (1)	2,59,803.338 (-)
Value (Rs. in Lacs)	115.22 (6.30)	0.02 (50.02)	38.01 (-)
(iv) Closing Stock :			
Quantity (Nos.)	6,47,165 (7,71,065)	70 (70)	- (2,59,803.338)
Value (Rs. in Lacs)	94.29 (110.96)	0.01 (0.03)	- (30.76)

Previous year figures are in brackets.

* Includes 23,850 shares towards reduction of share capital of a company.

7. Figures less than Rs. 500 have been shown at actuals wherever statutorily required to be disclosed since, the figures have been rounded off to the nearest thousand.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

2	3	1	5	1
---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	2
---	---	---	---

Date Month Year

II. Capital Raised During the year (Amount in Rs. Thousands)

Public Issue

		N	i	l
--	--	---	---	---

 Rights Issue

		N	i	l
--	--	---	---	---

Bonus Issue

		N	i	l
--	--	---	---	---

 Private Placement

		N	i	l
--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1	5	5	8	3
---	---	---	---	---

 Total Assets

1	5	5	8	3
---	---	---	---	---

Sources of Funds

Paid-up Capital

		5	0	0
--	--	---	---	---

 Reserves & Surplus

		2	5	8	3
--	--	---	---	---	---

Secured Loans

		N	i	l
--	--	---	---	---

 Unsecured Loans

		1	2	5	0	0
--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

		2	4	4	9
--	--	---	---	---	---

 Investments

		1	7	2	1
--	--	---	---	---	---

Net Current Assets

		1	1	4	1	3
--	--	---	---	---	---	---

 Misc. Expenditure

		N	i	l
--	--	---	---	---

IV. Performance of Company (Amount in Rs. Thousands)

Turnover

2	6	2	1	0
---	---	---	---	---

 Total Expenditure

2	5	7	6	5
---	---	---	---	---

+/- Profit/Loss Before Tax

		+	4	4	5
--	--	---	---	---	---

 +/- Profit/Loss After Tax

		+	4	1	5
--	--	---	---	---	---

Earning Per Share in Rs.

			8	3
--	--	--	---	---

 Dividend Rate %

		N	i	l
--	--	---	---	---

V. Generic Name of Principal Product of Company

Item Code No. (ITC Code) Not Applicable

Product Description Not Applicable

Signatures to Schedules 'A' to 'I'

As per our attached report of even date

For and on behalf of the Board

For NARAYAN PASARI & CO.
Chartered Accountants

B. L. Taparia
Anil Singhvi
Jayesh Doshi } Directors

Narayan Pasari
Proprietor

Mumbai, 31st July, 2002

Mumbai, 31st July, 2002

For and on behalf of the Board

B. L. Taparia
Anil Singhvi
Jayesh Doshi } Directors

Mumbai, 31st July, 2002

DIRECTORS' REPORT

To the Members,

The Directors hereby present the Seventh Annual Report alongwith Audited Accounts for the year ended on 31st March, 2002.

1. PROJECT PROGRESS

For the purpose of setting up a greenfield cement plant in the state of Orissa, the Company has been allotted mining rights by Industrial Development Corporation of Orissa Ltd. (IDCOL). The requisite documentation is proposed to be completed with IDCOL to proceed further on project. Till date, the Company has incurred a sum of Rs. 70.88 lacs as "Pre-operative Expenditure" pending capitalisation at a later stage.

2. DIRECTORS

Mr. Sudhir Dewan, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

3. CHANGE OF NAME

During the year, the Registrar of Companies, Maharashtra, Mumbai has issued fresh certificate of Incorporation by which the name of the Company has been changed from DLF Orissa Limited to Ambuja Cement Orissa Limited.

4. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year.

5. AUDITORS

M/s. Rajiv K. Jain & Associates, Auditors of the Company will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

6. EMPLOYEES

The Company had no employees getting salary more than the limits specified in Section 217(2A) of the Companies Act, 1956.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act as amended by the Companies (Amendment) Act, 2000, Directors confirm that :-

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- (b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2002.
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) the Annual Accounts have been prepared on a going concern basis.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant information to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 is not given as the same is not applicable.

For and on behalf of Board

Place : New Delhi
Date : 10th May, 2002

Sudhir Dewan Kamlesh Sharma
Director Director



AUDITORS' REPORT

The Members
AMBUJA CEMENT ORISSA LIMITED

We have audited the attached balance sheet of Ambuja Cement Orissa Limited as at March 31, 2002 and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books ;
 - c) The balance sheet dealt with by this report is in agreement with the books of account ;

- d) In our opinion, the balance sheet comply with the mandatory accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
- e) On the basis of information and explanations given to us, and representations obtained by the Company, none of the Directors of the Company is, prima facie, as at 31st March, 2002 disqualified from being appointed as a director under clause (g) of the sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and the balance sheet gives a true and fair view of the state of affairs of the Company as at March 31, 2002.

For RAJIV K. JAIN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 10th May, 2002

Rajiv K. Jain
Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Ambuja Cement Orissa Limited on the accounts for the year ended March 31, 2002)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets.
2. None of the fixed assets has been revalued during the year.
3. As the Company has no stocks of finished goods, stores, spare parts and raw materials, paragraphs 4(A), (iii), (iv), (v) and (vi) of the Order do not apply.
4. In respect of loans from a company listed in the register maintained under section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions on which loans have been taken are prima-facie not prejudicial to the interest of the Company. (Also refer to Note 2 of schedule 8). The company has not taken any loans from companies under the same management as defined under section 370(1-B) of the Companies Act, 1956.
5. As the Company has not granted any loans, secured or unsecured, paragraph 4(A) (viii) of the Order does not apply.
6. As the Company has not granted any loans or advances in the nature of loans, paragraph 4(A) (ix) of the Order does not apply.
7. As there is no purchase of stores, raw materials including components, plant and machinery, equipment and other assets and sale of goods during the year, paragraph 4(A) (x) of the Order does not apply.
8. As there are no transactions of purchase of goods and materials and sale of goods, materials and services during the year, paragraph 4(A) (xi) of the Order does not apply.

9. As the Company has no stores, raw materials and finished goods, paragraph 4(A) (xii) of the Order does not apply.
10. The Company has not accepted any deposits from the public.
11. The Company has no realisable by-products and scrap.
12. As the Company neither has paid-up capital exceeding Rs. 25 lacs nor an average annual turnover exceeding Rs. 2 Crores, paragraph 4(A) (xv) of the Order does not apply.
13. As the Company has not commenced operations, paragraph 4(A) (xvi) of the Order does not apply.
14. We are informed that Employees' Provident Fund Act, 1952 and Employees' State Insurance Act, 1948 are not applicable to the Company at present.
15. There are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty outstanding as at March 31, 2002 for a period of more than six months from the date they became payable.
16. According to the information and explanations given to us, no personal expenses of directors have been charged to "Project and preoperative expenditure, pending allocation", other than those payable under contractual obligations or in accordance with normally accepted business practice.
17. In our opinion the Company is not a Sick Industrial Company within the meaning of clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986).

For RAJIV K. JAIN & ASSOCIATES
Chartered Accountants

Place : New Delhi
Dated : 10th May, 2002

Rajiv K. Jain
Proprietor

BALANCE SHEET AS AT MARCH 31, 2002

	Schedules	As at 31.03.2002 Rs.	As at 31.03.2001 Rs.
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	1,520	1,520
LOAN FUNDS			
Unsecured	2	8,710,000	8,710,000
TOTAL		8,711,520	8,711,520
APPLICATION OF FUNDS			
Gross Block	3	55,125	55,125
Depreciation		23,658	20,881
Net Block		31,467	34,244
Project and Preoperative expenditure, pending allocation	4	7,088,358	7,085,344
CURRENT ASSETS, LOANS AND ADVANCES	5		
Current Assets :			
Cash and Bank balances		680,208	680,445
Loans and Advances		908,347	908,347
		1,588,555	1,588,792
Less: Current Liabilities	6	5,250	5,250
Net Current Assets		1,583,305	1,583,542
Miscellaneous Expenditure	7	8,390	8,390
(To the extent not written off or adjusted)			
TOTAL		8,711,520	8,711,520
NOTES TO THE ACCOUNTS	8		

SCHEDULES 1 TO 8 ANNEXED TO AND FORMING
PART OF THE ACCOUNTS

	As at 31.03.2002 Rs.	As at 31.03.2001 Rs.
SCHEDULE '1' – SHARE CAPITAL		
Authorised		
Equity :		
49,000 Equity shares of Rs 10 each	490,000	490,000
Preference :		
10% Non Cumulative redeemable preference shares		
100 shares of Rs 100 each	10,000	10,000
TOTAL	500,000	500,000
Issued, Subscribed and paid-up		
152 Equity shares of Rs 10 each fully paid up	1,520	1,520
(All the above 152 Equity Shares are held by the holding company, Ambuja Cement India Ltd.)		
TOTAL	1,520	1,520
SCHEDULE '2' – LOAN FUNDS		
Unsecured :		
Ambuja Cement India Ltd.	8,710,000	8,710,000
(Refer Note 2, Schedule 8)		
TOTAL	8,710,000	8,710,000

SCHEDULE '3' – FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
Particulars	As at 31.03.2001	Addi- tions	Delet- ions 31.03.2002	As on 31.03.2001	Upto For the Year	On Sales/ deletions	As on 31.03.2002	As at 31.03.2002	As at 31.03.2001
Plant & Machinery	45,080	-	-	45,080	17,280	2,141	-	19,421	25,659
Furniture & Fixtures	10,045	-	-	10,045	3,601	636	-	4,237	5,808
TOTAL	55,125	-	-	55,125	20,881	2,777	-	23,658	31,467
(Previous Year)	55,125	-	-	55,125	18,104	2,777	-	20,881	34,244

Year ended
31.03.2002
Rs.

Year ended
31.03.2001
Rs.

SCHEDULE '4' – STATEMENT OF PROJECT
AND PRE-OPERATIVE
EXPENDITURE, PENDING
ALLOCATION

Legal and Professional charges	5,250	14,300
Depreciation	2,777	2,777
Bank Charges	400	120
Miscellaneous expenses	-	1,389
Filing Fee	-	4,900
Advertisement	-	6,347
Telephone	(2,269)	-
Rent	(3,144)	-
Postage	-	104
	3,014	29,937
As per last balance Sheet	7,085,344	7,055,407
TOTAL	7,088,358	7,085,344

As at
31.03.2002
Rs.

As at
31.03.2001
Rs.

SCHEDULE '5' – CURRENT ASSETS,
LOANS AND ADVANCES

CURRENT ASSETS		
Cash balance on hand	3,634	3,634
Balance with scheduled banks on current account	676,574	676,811
	680,208	680,445
LOANS AND ADVANCES (unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	908,347	908,347
TOTAL	1,588,555	1,588,792

As per our report attached

For RAJIV K. JAIN & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

Rajiv K. Jain
ProprietorSudhir Dewan
DirectorKamlesh Sharma
DirectorPlace : New Delhi
Dated : 10th May, 2002

	As at 31.03.2002 Rs.	As at 31.03.2001 Rs.
SCHEDULE '6' – CURRENT LIABILITIES		
Sundry Creditors	5,250	5250
TOTAL	5,250	5,250

SCHEDULE '7' – MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary expenses	8,390	8,390
TOTAL	8,390	8,390

SCHEDULE '8' – NOTES TO THE ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention:

The Accounts are prepared under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.

b) Fixed assets and depreciation:

i) Fixed assets are stated at historical cost less accumulated depreciation. Cost is inclusive of freight, duties and other incidental expenses.

ii) Depreciation on fixed assets has been provided on straight line method on a pro - rata basis upto 31st March 2002 at the rates specified in schedule XIV to the Companies Act 1956, except on assets where cost does not exceed Rs. 5000/- these are fully depreciated in the years of purchase.

c) Miscellaneous expenditure:

Preliminary expenses will be written off over a period of ten years from the date of commencement of commercial production.

2) UNSECURED LOAN

From Ambuja Cement India Ltd., No Interest for the period from April 1 2001 to March 31, 2002 has been provided for in these accounts as Ambuja Cement India Limited has agreed not to charge interest for the above period.

3) No profit and loss account has been prepared as the project is under implementation and commercial operations have not yet commenced.

4) PREOPERATIVE EXPENDITURE

Expenses incurred during the construction period of the project are classified as "Project & Preoperative Expenditure, pending allocation", and will be allocated to capital / revenue account on the completion of the project (Refer Schedule 4).

5) AUDITOR'S REMUNERATION

	Year ended 31.03.2002 Rs.	Year ended 31.03.2001 Rs.
As Auditors	5,250	5,250
6) No provision has been made for gratuity since the payment of Gratuity Act, 1972 is not applicable to the company.		
7) Name of the Company has been changed from DLF Orissa Limited to Ambuja Cement Orissa Limited w.e.f 3.10.2001 consequent upon the fresh certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai.		
8) Schedule 1 to 8 form an integral Part of accounts.		

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1 3 2 1 7 7

State Code 1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 2

Year

II. Capital Raised During the period (Amount in Rs.)

Public Issue

N i l

Rights Issue

N i l

Bonus Issue

N i l

Private Placement

N i l

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities

8 7 1 1 5 2 0

Total Assets

8 7 1 1 5 2 0

Sources of Funds

Paid-up Capital

1 5 2 0

Reserves & Surplus

N i l

Secured Loans

N i l

Unsecured Loans

8 7 1 0 0 0 0

Application of Funds

Net Fixed Assets

3 1 4 6 7

Investments

N i l

Net Current Assets

1 5 8 3 3 0 5

Misc. Expenditure

8 3 9 0

Pre-operative Expenses

7 0 8 8 3 5 8

IV. Performance of Company (Amount in Rs.)

Turnover

N i l

Total Expenditure

3 0 1 4

(Pre-operative expenditure during current year)

(+)/Profit/(-)/Loss Before Tax

N i l

(+)/Profit/(-)/Loss After Tax

N i l

Earning Per Share Rs.

N i l

Dividend Rate %

N i l

V. Generic Name of Principal Product of the Company (as per monetary terms)

N i l

As per our attached report of even date

For RAJIV K. JAIN & ASSOCIATES
Chartered AccountantsRajiv K. Jain
ProprietorPlace : New Delhi
Dated : 10th May, 2002

For and on behalf of the Board

Sudhir Dewan Kamlesh Sharma
Director DirectorNew Delhi
Date : 10th May, 2002

For and on behalf of the Board

Sudhir Dewan Kamlesh Sharma
Director Director

REPORT OF THE DIRECTORS

1. The directors submit herewith their Annual Report to the Members together with the accounts for the year ended June 30, 2002.
2. REVIEW OF THE BUSINESS
The company was incorporated on June 20, 1996 as an offshore company and its main activities are trading in cement, clinker and chartering of ships and act as an investment holding company. During the year, no trading in cement and clinker has been made.

"Offshore Companies" are now known as "Category 1 Global Business Licence Companies".

The profit and loss account is attached.

3. DIVIDEND
The directors will recommend the payment of a dividend of USD 216,000 for the year under review
(2001: USD 216,000).
- By order of the Board

Multiconsult Ltd
Secretary
- Mauritius, 25th July, 2002

SECRETARY'S REPORT TO THE MEMBERS OF CEMENT AMBUJA INTERNATIONAL LIMITED

Multiconsult Limited
10, Frère Félix de Valois Street,
Port Louis,
Mauritius

We certify that we have filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001.

Multiconsult Limited
CORPORATE SECRETARY
Date : 25th July, 2002

REPORT OF THE AUDITOR TO THE MEMBERS

I have audited the financial statements of Cement Ambuja International Limited, which have been prepared on the basis of the accounting policies stated therein.

RESPECTIVE RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND AUDITOR

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Accounting Standards. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is my responsibility to form an independent opinion, based on my audit, on those financial statements and to report my opinion to you.

BASIS OF OPINION

I conducted my audit in accordance with International Standards on Auditing. My audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

I have no relationship with, or any interests in, the company other than in my capacity as auditor, and arm's length dealings with the company in the ordinary course of business.

OPINION

In my opinion:

(a) I have obtained all such information and explanations which I considered necessary;

(b) proper accounting records have been kept by the company as far as it appears from my examination of those records;

(c) the financial statements give a true and fair view of the state of affairs of the company as at June 30, 2002 and its result and cash flows for the year then ended, comply with the Companies Act 2001 and have been properly prepared in accordance with International Accounting Standards.

Port Louis,
MAURITIUS.

Date : 25th July, 2002

J. LOUIS COUACAUD (F.C.A.)

BALANCE SHEET - JUNE 30, 2002

	Notes	2002 USD	2001 USD
ASSETS EMPLOYED			
NON-CURRENT ASSETS			
Assets under construction	2	2,415,437	2,320,717
Investment	3	700,000	700,000
		<u>3,115,437</u>	<u>3,020,717</u>
CURRENT ASSETS			
Receivable from Holding Company		1,279,000	2,427,000
Accounts receivable	4	3,500	3,512
Fixed deposit		-	126,848
Cash at bank		156,211	2,340
		<u>1,438,711</u>	<u>2,559,700</u>
CURRENT LIABILITIES			
Accounts payable	5	1,025,490	1,196,921
Proposed dividend	6	-	216,000
		<u>1,025,490</u>	<u>1,412,921</u>
NET CURRENT ASSETS		<u>413,221</u>	<u>1,146,779</u>
USD		<u><u>3,528,658</u></u>	<u><u>4,167,496</u></u>
FINANCED BY			
CAPITAL AND RESERVES			
Share capital	7	2,700,000	2,700,000
Retained earnings		828,658	467,496
		<u>3,528,658</u>	<u>3,167,496</u>
NON-CURRENT LIABILITIES			
Borrowings	8	-	1,000,000
USD		<u><u>3,528,658</u></u>	<u><u>4,167,496</u></u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR
ENDED JUNE 30, 2002

	Notes	2002 USD	2001 USD
INCOME			
Income from Chartering of ships		320,880	320,880
Interest income	1	1,517	74,880
Profit on sale of ships	9	139,052	139,051
		<u>461,449</u>	<u>534,811</u>
EXPENDITURE			
Legal and professional fees		500	1,000
Miscellaneous expenses		6,656	5,289
Interest and finance charges		93,131	175,206
		<u>100,287</u>	<u>181,495</u>
PROFIT FOR THE YEAR		<u>361,162</u>	<u>353,316</u>
PROPOSED DIVIDEND	6	-	(216,000)
RETAINED PROFIT FOR THE YEAR		<u>361,162</u>	<u>137,316</u>
RETAINED PROFIT AT JULY 1,		<u>467,496</u>	<u>330,180</u>
RETAINED PROFIT AT JUNE 30, USD		<u><u>828,658</u></u>	<u><u>467,496</u></u>



These accounts have been approved by the Board of Directors on 25th July, 2002

Uday Kumar Gujadhur
Director

Marie Desire Pierre Dinan
Director

The notes form an integral part of these accounts.

The notes form an integral part of these accounts.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2002**

	Notes	2002 USD	2001 USD
Cash flows from Operating activities			
Profit for the year		361,152	353,316
Adjustments for:			
Profit on sale of ships		(139,052)	(139,051)
Interest income		(1,517)	(74,880)
Operating profit before working capital changes		220,593	139,385
Decrease in prepaid expenses		11	6,565
Decrease in accrued expenses		(32,379)	(29,721)
Net cash inflow from operating activities		188,225	116,229
Cash flows from Investing activities			
Capital W-I-P		(94,720)	(2,229,992)
Interest income		1,517	75,199
Net cash used in investing activities		(93,203)	(2,154,793)
Cash flows from Financing activities			
Received from Holding company		1,148,000	1,148,000
Repayment of loan		(1,000,000)	(1,000,000)
Dividend paid		(216,000)	(270,000)
Net cash from financing activities		(68,000)	(122,000)
Net Increase/(Decrease) in cash and cash equivalents		27,022	(2,160,564)
Movements in cash and cash equivalents			
At July 1,		129,189	2,289,753
Increase/(Decrease) during the year		27,022	(2,160,564)
At June 30,	10	156,211	129,189

The notes form an integral part of these accounts.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2002**

	Share Capital	Retained Earnings	Total
	USD	USD	USD
At July 1, 2000	2,700,000	330,180	3,030,180
Net profit for the year	—	353,316	353,316
Dividends		(216,000)	(216,000)
At June 30, 2001	2,700,000	467,496	3,167,496
At July 1, 2001	2,700,000	467,496	3,167,496
Net profit for the year	—	361,162	361,162
At June 30, 2002	2,700,000	828,658	3,528,658

The notes form an integral part of these accounts.

**NOTES ON ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2002**
1. ACCOUNTING POLICIES

The principal accounting policies adopted by the company are as follows:

- Basis of accounting**
These accounts are prepared under the historical cost convention, in accordance and compliance with International Accounting Standards.
- Turnover**
Turnover is based on total invoiced values, net of any taxes of sales of goods and services less discount, allowances and returns.
- Interest income**
Interest is included in the Profit and Loss Account of the accounting period in which it is received.
- Profit on sale of ships**
Profit on sale of ships has been deferred and is being released to the Profit and Loss Account over a period of six years.
- Deferred income taxes**
Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying value for financial reporting purposes.
Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.
- Financial Instruments**
Financial instruments carried on the balance sheet include fixed assets, investments, receivable from holding company, accounts receivable, fixed deposits, cash at bank and accounts payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

- Investment**

Effective from 1 January 2001 the company has adopted International Accounting Standards (IAS) 39 - "Financial Instruments: Recognition and Measurement", which classifies investments into two categories: trading and available-for-sale.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale.

All other investments are classified as trading. Accordingly, the company has classified its investments as available-for-sale.

Available-for-sale investments are initially recorded at costs and are subsequently measured at fair value

The company has a one time choice to either report the resulting temporary unrealised (gains) / losses as follows:

- as a separate component of equity as "Investment Revaluation Reserve", till the underlying investment is sold or permanently written off, when the total realised (gains)/losses are reported in the profit and loss account; or
- in the profit and loss account.

Where the Company is not able to estimate the fair value of the available-for-sale investments, they are measured at cost subject to impairment recognition.

Accordingly, the Company has adopted the policy of measuring its investments at fair value and consequently reporting the resulting temporary unrealised gains / losses as indicated above.

- Consolidated Financial Statements**

The company owns 53% of the share capital of Midigama Cements (Private) Limited. The company which is wholly owned by Gujarat Ambuja Cements Limited, a company incorporated in India, has, as allowed by IAS 27- "Consolidated Financial Statements and Accounting for Investments in Subsidiaries", not presented Consolidated Financial statements. The corporate office of Gujarat Ambuja Cements Limited, which will present consolidated financial statements is 122, Maker Chambers III, Nariman Point, Mumbai 400 021, India.

	2002 USD	2001 USD
2. FIXED ASSETS – Assets under construction		
At July 1,	2,320,717	90,725
Additions during the year	94,720	2,229,992
At June 30,	2,415,437	2,320,717

Additions relate to payments made during the year in respect of the 4,000 DWT Bulk Cement Carriers.

	2002	2001		
	USD	USD		
3. INVESTMENT				
At June 30,	700,000	700,000		
Details of the investments are as follows:				
Name of Investee Company	Country of Incorporation	Type of Shares held	Number of shares held	% holding
Midigama Cements (Private) Limited	Sri Lanka	Ordinary	4,375,000	53
4. ACCOUNTS RECEIVABLE				
Deposit interest receivable	-	12		
Prepayments	3,500	3,500		
	3,500	3,512		
5. ACCOUNTS PAYABLE				
Portion of loan repayable within one year	1,000,000	1,000,000		
Deferred profit on sale of ships (see note 9)	-	139,052		
Other payables and accruals	25,491	57,869		
	1,025,491	1,196,921		
6. PROPOSED DIVIDEND				
Dividend of USD 0.80 per share	-	216,000		
7. SHARE CAPITAL				
Authorised				
1,000,000 Ordinary shares of USD 10 each	10,000,000	10,000,000		
Issued and Fully paid				
270,000 Ordinary shares of USD 10 each	2,700,000	2,700,000		
8. LOAN CAPITAL				
Loan from Bank of America	1,000,000	2,000,000		
Portion of loan repayable within one year (see note 5)	(1,000,000)	(1,000,000)		
	-	1,000,000		
The loan is repayable in twelve equal semi-annual instalments commencing six months from the date of drawdown and bears interest at a fixed rate. The loan is secured by a mortgage as Statutory First Mortgage of all the 100 shares of the SECURITY SHIP M. V. AMBUJA SHAKTI AND M. V. AMBUJA KEERTI together with her boats and appurtenances.				
9. PROFIT ON SALE OF SHIPS				
Profit on sale of ships	139,052	278,104		
Less Amount deferred (See Note 5)	-	(139,052)		
Charge to Profit and Loss Account	139,052	139,052		
10. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents are made up as follows:				
Fixed deposit	-	126,848		
Bank balance	156,211	2,340		
	156,211	129,188		

11. REPORTING CURRENCY

The financial statements are presented in United States dollars. The company has been granted an offshore certificate under the Mauritius Offshore Business Activities Act 1992, which requires that the company's business or other activity, is carried on in a currency other than the Mauritian Rupee.

12. TAXATION

The company has been established as an "Offshore Company" for the purpose of the Mauritius Offshore Business Activities Act 1992. The profit of the company is subject to income tax at 0% unless it elects to pay tax at specified rates not exceeding 35%.

Interest income from offshore banks are exempt from tax and there is no tax on capital gains in Mauritius.

The company will as from income year 2002/2003, be liable to tax in Mauritius at the rate of 15% on its profit, as adjusted for tax purposes. It will however be entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius tax on its foreign source income.

13. LEGAL STATUS

With effect from December 1, 2001 the Mauritius Offshore Business Activities Act 1992 has been repealed and replaced by the Financial Services Development Act 2001.

Also "Offshore Companies" are now known as "Category 1 Global Business Licence Companies".

14. FINANCIAL INSTRUMENTS*Fair values*

The carrying amounts of fixed assets, investments, receivable from holding company, accounts receivable, fixed deposits, cash at bank and accounts payable, approximate to their fair values. Financial assets and liabilities, which are accounted for at historical costs, are carried at values which may differ materially from their fair values.

Currency risk

The Company invests in shares denominated in Sri Lanka Rupee "LKR". Consequently, the company is exposed to the risk that the exchange rate of the USD relative to the LKR may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in LKR.

15. ULTIMATE HOLDING COMPANY

Gujarat Ambuja Cements Limited, a company incorporated in India is the company's holding and ultimate holding company which will prepare the consolidated financial statements.

16. RELATED PARTY TRANSACTIONS

The following transactions had been made with related companies during the year:

Name Company	Relation	Nature of transaction	Value USD
Gujarat Ambuja Cements Limited	Holding company	Part repayment of advance by holding company	1,148,000
Gujarat Ambuja Cements Limited	Holding company	Income	320,880
Gujarat Ambuja Cements Limited	Holding company	Reimbursement of expenses	3,273

17. CAPITAL COMMITMENT

The board has, in a meeting dated 7 March 2002, approved a loan of USD 7 million from Bank of America, N.A.

The loan has been contracted to part finance the purchase of two new vessels. The loan contracted from the Bank of America, N.A., has been secured on the following terms:

1. Registered mortgage of the ships being financed;
2. Assignment of receivables under the Bareboat Charter.

18. DIVIDEND PROPOSED

A dividend of USD 0.80 per share amounting to a total dividend of USD 216,000 is to be proposed for the financial year ending June 30, 2002. The financial statements do not reflect this dividend as a liability, in accordance with IAS 10 (revised 1999), as it was not proposed before the end of the financial year. The dividend declared in respect of year 2001 was USD 216,000.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 31 March 2002.

PROJECT STATUS

During the current year, the company has received notice from the Road Development Authority for the acquisition of its land at Nugaduwa, the proposed site for the grinding unit.

The Company is weighing the various options available to it, including obtaining a stay order refraining RDA from acquiring its property. The Company is confident, that it would not have to incur a loss on account of this acquisition.

DIRECTORATE

Mr. Mangalam Chinnaswamy Ramakrishna (Chairman)
Mr. Anil Chandanmal Singhvi
Mr. Prakash Bajirao Kulkarni

In accordance with rule 90 and 91 of Table A of the Companies Act no.17 of 1982, Mr. P. B. Kulkarni retires by rotation and being eligible offers himself for re-election.

DIRECTORS' INTEREST IN CONTRACTS

The Directors have no direct or indirect interests in any contract or proposed contracts with the company, other than those stated in note 14 in the Accounts.

POST BALANCE SHEET EVENTS

No events have occurred since the balance sheet, which would require adjustments to, or disclosure in, the financial statements.

AUDITORS

The Accounts for the year ended 31 March 2002 have been audited by PricewaterhouseCoopers, Chartered Accountants.

The retiring auditors have intimated their willingness to continue in office.

By order of the Board of the Directors of
MIDIGAMA CEMENTS (PRIVATE) LIMITED

Anil Singhvi
Director

India, 23rd May, 2002

REPORT OF THE AUDITORS

TO THE MEMBERS OF MIDIGAMA CEMENTS (PRIVATE) LIMITED

- 1 We have audited the balance sheet of Midigama Cements (Private) Limited as at 31 March 2002, and the related statements of income, changes in equity and cash flows for the year then ended, together with the accounting policies and notes as set out therein.

Respective Responsibilities of Directors and Auditors

- 2 The directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Opinion

- 3 We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

- 4 In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 March 2002, and to the best of our information and according to the explanations given to us, the said balance sheet and related statements of income, changes in equity and cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 March 2002 and the results of its operation and its cash flows for the year then ended.

Directors' interests in contracts with the Company

- 5 According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31 March 2002, except as stated in Note 13 to these financial statements.

Emphasis of matter

- 6 In forming our opinion, we have considered the adequacy of disclosure made in Note 4 (a) to the financial statements which explains the reason for accounting the freehold land and land development expenses at cost. Our audit opinion is not qualified in this regard.

PricewaterhouseCoopers
Chartered Accountants

Colombo, 23rd May, 2002

INCOME STATEMENT

(all amounts in Sri Lanka Rupees)			
Notes	Year ended 31 March 2002	Year ended 31 March 2001	
Sales	Nil	Nil	
Cost of sales	Nil	Nil	
Gross profit	Nil	Nil	
Other income	Nil	319,080	
Pre-operational expenses	(1,599,987)	(4,135,458)	
Pre-operational loss	1 (1,599,987)	(3,816,378)	
Finance income	2 306,852	646,179	
Loss before tax	(1,293,135)	(3,170,199)	
Tax	3 Nil	Nil	
Net loss	(1,293,135)	(3,170,199)	

The accounting policies and notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees)				
	Share capital	Advance against share capital	Accumulated losses	Total
Balance at 1 April 2000	78,105,020	-	(7,171,207)	70,933,813
Issue of share capital	2,816,500	-	-	2,816,500
Loss for the year	-	-	(3,170,199)	(3,170,199)
Balance at 31 March 2001	80,921,520	-	(10,341,406)	70,580,114
Balance at 1 April 2001	80,921,520	-	(10,341,406)	70,580,114
Issue of share capital	1,384,500	-	-	1,384,500
Loss for the year	-	-	(1,293,135)	(1,293,135)
Balance at 31 March 2002	82,306,020	-	(11,634,541)	70,671,479

The accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET

(all amounts in Sri Lanka Rupees)			
Notes	31 March, 2002	31 March, 2001	
ASSETS			
Non-current assets			
Property, plant and equipment	4 67,852,068	68,060,341	
Investment	5 10	10	
	67,852,078	68,060,351	
Current assets			
Receivables and prepayments	6 3,070,946	2,790,080	
Cash and cash equivalents	7 607,491	657,914	
	3,678,437	3,447,994	
Total assets	71,530,515	71,508,345	
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	11 82,306,020	80,921,520	
Accumulated losses	(11,634,541)	(10,341,406)	
	70,671,479	70,580,114	
Current liabilities			
Trade and other payables	8 859,036	928,231	
Total equity and liabilities	71,530,515	71,508,345	

These financial statements were approved by the Board of Directors on
23rd May, 2002

Anil Singhvi
Director

M. C. Ramakrishna
Director

The accounting policies and notes form an integral part of these financial statements.

CASH FLOW STATEMENT

(all amounts in Sri Lanka Rupees)			
Notes	Year ended 31 March 2002	Year ended 31 March 2001	
Operating activities			
Cash used in operating activities	12 (1,741,775)	(3,415,784)	
Interest income	2 306,852	646,179	
Net cash used in operating activities	(1,434,923)	(2,769,605)	
Investing activities			
Purchase of property, plant and equipment	4 Nil	Nil	
Project development cost	Nil	(222,778)	
Net cash used in investing activities	Nil	(222,778)	
Financing activities			
Settlement of directors advances	Nil	Nil	
Proceeds from shares	1,384,500	2,816,500	
Net cash generated from / (used in) financing activities	1,384,500	2,816,500	
Decrease in cash and cash equivalents	(50,423)	(175,883)	
Movement in cash and cash equivalents			
At start of year	657,914	833,797	
Decrease	(50,423)	(175,883)	
At end of year	7 607,491	657,914	

The accounting policies and notes form an integral part of these financial statements.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below :

1. Basis of accounting

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are prepared under the historical cost convention.

2. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year end exchange rates.

3. Investments

Investments are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

4. Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset, from the year in which the asset was first used to their residual values over their estimated useful life as follows :

Office equipment 4 years

Motor vehicles 5 years

Freehold land is not depreciated as it is deemed to have an indefinite life.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken in to account in determining operating profit.

5. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

6. Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

7. Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, net of sales taxes and discounts.

Interest income is recognised as it accrues unless collectibility is in doubt.

8. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH, 2002

(all amounts in Sri Lanka Rupees)

1. PRE-OPERATIONAL LOSS

The following items have been charged in arriving at pre-operational loss.

	2002	2001
Directors emoluments	916,717	3,477,121
Depreciation (Note 4)	208,273	208,270
Auditors remunerations	32,728	48,650

2. FINANCE INCOME

Interest income	4,444	12,103
Net foreign exchange gain	302,408	635,354
Interest expense	Nil	(1,278)
	<u>306,852</u>	<u>646,179</u>

3. TAX

In terms of the agreement with the Board of Investment of Sri Lanka, the Company is exempted from income tax for a period of ten years commencing from the date of commencement of the business.

However, the Company has not commenced commercial operations as at 31 March 2002. Accordingly income tax is not payable for the year ended 31 March 2002.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Land development expenses	Office equipment	Motor vehicle	Total
At 31 March 2001					
Cost	37,912,948	29,605,536	129,812	879,092	68,527,388
Accumulated depreciation	Nil	Nil	(71,632)	(395,415)	(467,047)
Net book amount	<u>37,912,948</u>	<u>29,605,536</u>	<u>58,180</u>	<u>483,677</u>	<u>68,060,341</u>
Year ended 31 March 2002					
Opening net book amount	37,912,948	29,605,536	58,180	483,677	68,060,341
Depreciation charge	Nil	Nil	(32,454)	(175,819)	(208,273)
Net book amount	<u>37,912,948</u>	<u>29,605,536</u>	<u>25,726</u>	<u>307,858</u>	<u>67,852,068</u>
At 31 March 2002					
Cost	37,912,948	29,605,536	129,812	879,092	68,527,388
Accumulated depreciation	Nil	Nil	(104,086)	(571,234)	(675,320)
Net book amount	<u>37,912,948</u>	<u>29,605,536</u>	<u>25,726</u>	<u>307,858</u>	<u>67,852,068</u>

The Road Development Authority (RDA) has given notice that they will be acquiring the land owned by the Company where the grinding plant was to be set up. The Company intends to obtain a stay order restraining the RDA from acquiring the land unless the Company is fairly compensated. The directors are confident that the Company would not incur a loss even if the land was to be acquired and the carrying value of free hold land and land development expenses is therefore as fairly stated.

5. INVESTMENTS

This represents the investment in Ceylon Ambuja Cements (Private) Limited.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(all amounts in Sri Lanka Rupees)

6. RECEIVABLES AND PREPAYMENTS

	2002	2001
Deposits	5,000	105,000
Prepayments (Note a)	3,065,946	2,685,080
	<u>3,070,946</u>	<u>2,790,080</u>

(a) Prepayments consist of US\$ 31,400 paid to Fuller India Limited for the purchase and installation of a grinding machine.

7. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	79,520	543,358
Short term bank deposits	527,971	114,556
	<u>607,491</u>	<u>657,914</u>

The average effective interest rate on short term deposits was 2% - 3.25% (2001 : 4% - 5%).

8. TRADE AND OTHER PAYABLES

Amounts due to group companies	829,036	371,443
Accrued expenses	30,000	247,500
Other payables	Nil	309,288
	<u>859,036</u>	<u>928,231</u>

9. CONTINGENT LIABILITIES

There were no material contingent liabilities as at the balance sheet date.

10. COMMITMENTS

Capital commitments

There were no major capital commitments outstanding as at the balance sheet date.

Financial commitments

The Company has commitment to pay US\$ 1,250 as an annual fee to the Board of Investment of Sri Lanka.

11. ORDINARY SHARES

	Number of shares	Ordinary shares Rs.
At 31 March 2000	7,810,502	78,105,020
Issue of shares	281,650	2,816,500
At 31 March 2001	<u>8,092,152</u>	<u>80,921,520</u>
Issue of shares	138,450	1,384,500
At 31 March 2002	<u>8,230,602</u>	<u>82,306,020</u>

The total authorised number of shares is 25,000,000 ordinary shares with a par value of Rs 10 per share, (2001 - Rs. 10) . All issued shares are fully paid.

12. CASH USED IN OPERATIONS

	2002	2001
Loss before tax	(1,293,135)	(3,170,199)
Adjustments for :		
Depreciation (Note 4)	208,273	208,270
Deferred revenue expenditure	Nil	Nil
Finance income (Note 2)	(306,852)	(646,179)
Changes in working capital		
- trade and other receivables	(280,866)	(107,993)
- payables	(69,195)	300,317
Cash used in operations	<u>(1,741,775)</u>	<u>(3,415,784)</u>

13. DIRECTORS' INTEREST IN CONTRACTS WITH THE COMPANY

Mr. A. C. Singhvi and Mr. M. C. Ramakrishna are directors of Ceylon Ambuja Cements (Private) Limited.

	2002	2001
Year end balances		
Payables to related parties		
Ceylon Ambuja Cements (Private) Limited	<u>829,036</u>	<u>371,443</u>

14. RELATED PARTY TRANSACTIONS

There were no related parties or related party transactions other than those disclosed in Note 13 to the financial statements.

15. POST BALANCE SHEET EVENTS

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report together with the Audited Accounts of the Company for the year ended 31 March 2002.

INCORPORATION

The Company was incorporated on 14 July 1998.

OPERATIONAL REVIEW

The economy for the first time , since independence , posted a negative growth of 0.5%, on account of the general slow down.

The Current Financial Year, witnessed successful, but violent, elections at the centre as well as at Local level. The General Election saw a change in guard. The new government has entered into an agreement with the local Tamil rebels, which is expected to bring peace in strife torn Northern Sri Lanka.

With our economy still reeling under a slow down, the Cement Industry has suffered on account of both, growth and prices.

The devaluation of the currency by over 12 % over the year , has a major impact on the profitability of the company.

During the financial year ended 31st March 2002, the company achieved a turnover of LKR 1046.99 Million, on a sales volume of 205,306 tons.

PROFIT AND APPROPRIATIONS

	For the year ended 31 March 2002 LKR
Loss before taxation	49,988,644
Provision for taxation	-
Loss after taxation	49,988,644
Loss brought forward	147,320,296
Loss carried forward	197,308,940

DIRECTORATE

Mr. Mangalam Chinnaswamy Ramakrishna (Chairman)

Mr. Anil Chandanmal Singhvi

In terms of the Articles of Association, the Directors do not retire by rotation.

DIRECTORS' INTEREST IN CONTRACTS

The Directors have no direct or indirect interests in any contract or proposed contracts with the company, other than those stated in note 19 in the Accounts.

AUDITORS

The Accounts for the year ended 31 March 2002 have been audited by PricewaterhouseCoopers, Chartered Accountants.

The retiring auditors have intimated their willingness to continue in office.

By order of the Board of the Directors of
CEYLON AMBUJA CEMENTS (PRIVATE) LIMITED

India, 2nd May, 2002

Anil Singhvi
Director

REPORT OF THE AUDITORS

TO THE MEMBERS OF
CEYLON AMBUJA CEMENTS (PRIVATE) LIMITED

1. We have audited the balance sheet of Ceylon Ambuja Cements (Private) Limited as at 31 March 2002, and the related statements of income, changes in equity and cash flows for the year then ended, together with the accounting policies and notes as set out therein.

Respective Responsibilities of Directors and Auditors

2. The directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Opinion

3. We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

4. In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 March 2002, and to the best of our information and according to the explanations given to us, the said balance sheet and related statements of income, changes in equity and cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 March 2002 and the results of its operations and its cash flows for the year then ended.

Directors' interests in contracts with the Company

5. According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31 March 2002, except as stated in Note 20 to these financial statements.

Emphasis of Matter

6. We draw attention to Note 8 to the financial statements which explains the reasons for accounting the mobile ship unloader at cost. Our audit opinion is not qualified in this regard.

PricewaterhouseCoopers
Chartered Accountants.

Colombo, 2nd May, 2002

INCOME STATEMENT

[all amounts in Sri Lanka Rupees]			
	Notes	Year ended 31 March 2002	Year ended 31 March 2001
Sales	1	1,046,998,020	643,164,231
Cost of sales		(983,256,676)	(618,463,540)
Gross profit		63,741,344	24,700,691
Distribution costs		(16,510,146)	(36,388,699)
Administrative expenses		(83,816,225)	(81,967,432)
Operating loss	2	(36,585,027)	(93,655,440)
Finance costs	4	(13,403,617)	(16,110,650)
Loss before tax		(49,988,644)	(109,766,090)
Tax	5	Nil	Nil
Loss for the year		(49,988,644)	(109,766,090)
Loss per share	6	(0.99)	(2.58)

The accounting policies and notes form an integral part of these financial statements.

BALANCE SHEET AS AT 31 MARCH, 2002

[all amounts in Sri Lanka Rupees]			
	Notes	31 March 2002	31 March 2001
ASSETS			
Non-current assets			
Property, plant and equipment	7	264,575,151	273,461,547
Capital work in progress	8	112,799,352	105,964,899
Rent paid in advance	9	7,500,000	8,500,000
		<u>384,874,503</u>	<u>387,926,446</u>
Current assets			
Inventories	10	32,593,895	26,270,646
Receivables and prepayments	11	56,675,894	97,923,241
Cash and cash equivalents	12	65,808,715	34,551,255
		<u>155,078,504</u>	<u>158,745,142</u>
TOTAL ASSETS		<u>539,953,007</u>	<u>546,671,588</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shares	17	514,138,420	514,138,420
Accumulated losses		(197,308,940)	(147,320,296)
		<u>316,829,480</u>	<u>366,818,124</u>
Non current liabilities			
Retirement benefit obligations	14	722,783	Nil
Current liabilities			
Trade and other payables	13	222,400,744	179,853,464
		<u>222,400,744</u>	<u>179,853,464</u>
TOTAL EQUITY AND LIABILITIES		<u>539,953,007</u>	<u>546,671,588</u>

These financial statements were approved by the Board of Directors on 2nd May, 2002

Anil Singhvi
Director

M. C. Ramakrishna
Director

The accounting policies and notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees)

	Notes	Share capital	Advances against share capital	Accumulated losses	Total
Balance at 1 April 2000		302,233,520	44,060,000	(37,554,206)	308,739,314
Issue of share capital	17	211,904,900	(44,060,000)	-	167,844,900
Loss for the year		-	-	(109,766,090)	(109,766,090)
Balance at 31 March 2001		514,138,420	Nil	(147,320,296)	366,818,124
Balance at 1 April 2001		514,138,420	-	(147,320,296)	366,818,124
Loss for the year		-	-	(49,988,644)	(49,988,644)
Balance at 31 March 2002		514,138,420	Nil	(197,308,940)	316,829,480

The accounting policies and notes form an integral part of these financial statements.

CASH FLOW STATEMENT

(all amounts in Sri Lanka Rupees)

	Notes	Year ended 31 March 2002	Year ended 31 March 2001
Operating activities			
Cash generated from operations	18	41,344,759	5,615,882
Interest received	4	4,766,950	1,302,680
Interest paid	4	(6,490)	(857,534)
Net cash generated from operating activities		46,105,219	6,061,028
Investing activities			
Purchase of property, plant and equipment	7	(8,013,306)	(138,860,163)
Capital work in progress	8	(6,834,453)	Nil
Net cash used in investing activities		(14,847,759)	(138,860,163)
Financing activities			
Proceeds from shares		Nil	157,844,900
Net cash generated from financing activities		Nil	157,844,900
Increase in cash and cash equivalents		31,257,460	25,045,765
Movement in cash and cash equivalents			
At start of year		34,551,255	9,505,490
Increase		31,257,460	25,045,765
At end of year	12	65,808,715	34,551,255

The accounting policies and notes form an integral part of these financial statements.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Basis of accounting

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are prepared under the historical cost convention.

2. Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year end exchange rates.

3. Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is calculated on the straight line method to write off the cost of each asset, from the year of purchase over their useful life as follows:

Plant and machinery	15 Years
Buildings	28 Years
Furniture & fittings	5 Years
Computer equipment	5 Years
Office equipment	4 Years
Laboratory equipment	20 Years
Motor vehicles	5 Years

4. Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The cost of goods includes all expenses incurred in bringing the goods to the warehouse. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

5. Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end.

6. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts.

7. Defined contribution plans

All employees of the Company are members of the Employees' Provident Fund and the Employees' Trust Fund, to which the Company contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary and cost of living allowance.

8. Retirement benefit obligations

Terminal benefits are provided for all employees of the Company at the rate of one half of the basic salary and all other allowances applicable for the last month of the financial year, for each year of completed service. The provision is not externally funded, nor has it been actuarially valued.

9. Deferred income taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from depreciation on property, plant and equipment, and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

10. Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, net of sales, taxes, discounts and rebates.

Interest income is recognised as it accrues unless collectibility is in doubt.

11. Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

L.F. No. / Client ID No. :

D. P. ID No. :

FORM NO. 15G

[See rule 29C (2)]

**Declaration under Section 197A(1) of the Income-tax Act, 1961, to be made
by an Individual Claiming Receipt of dividend without Deduction of Tax.**

I
Son / daughter / wife of
resident of @

do hereby declare :-

1. that I am a shareholder in **Gujarat Ambuja Cements Ltd.**
106, Maker Chambers III, Nariman Point, Mumbai - 400 021. ;
2. that the shares in the said company, particulars of which are given below, stand in my name and are beneficially owned by me, and the dividends therefrom are not includible in the total income of any other person under Sections 60 to 64 of the Income-tax Act, 1961:

No. of shares	Class of shares and face value of each share	Total face value of shares	Distinctive numbers of the shares	Date(s) on which the shares were acquired by the declarant
	Equity Shares of Rs. 10/- each			

3. that my present occupation is ;
4. that the tax on my estimated total income, including the dividends from the shares referred to in paragraph 2 above, computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on **31st March, 2003** relevant to the assessment year **2003-2004** , will be *nil* ;
- 4A. that my income from *dividend / interest on securities / interest other than "interest on securities" / units / amounts referred to in clause (a) of sub-section (2) of section 80CCA or the aggregate of such incomes, computed in accordance with the provisions of the Income-tax Act, 1961, for the previous year ending on relevant to the assessment year 200..... - 200..... will not exceed the maximum amount which is not chargeable to income-tax ;
5. * that I have not been assessed to income-tax at any time in the past but I fall within the jurisdiction of the Chief Commissioner or Commissioner of Income-tax ;

OR

- that I was last assessed to income-tax for the assessment year 200.....-200..... by the Assessing Officer..... Circle / Ward / District and the Permanent Account Number allotted to me is ;
6. that I am resident in India within the meaning of Section 6 of the Income-tax Act, 1961.

Signature of the declarant

(P.T.O.)

Verification

I, do hereby declare that to the best of my knowledge and belief what is stated above is correct, complete and is truly stated.

Verified today, the day of 200.....

Place :

Signature of the declarant

NOTES :

1. @ Give complete postal address.
2. The declaration should be furnished in duplicate
3. * Delete whichever is not applicable.
4. Before signing the verification, the declarant should satisfy himself that the information furnished in the declaration is true, correct and complete in all respects. Any person making a false statement in the declaration shall be liable to be prosecuted under Section 277 of the Income-tax Act, 1961, and on conviction be punishable :-
 - (i) in case where tax sought to be evaded exceeds one lakh rupees, with rigorous imprisonment which shall not be less than six months but which may extend to seven years and with fine;
 - (ii) in any other case, rigorous imprisonment which shall not be less than three months but which may extend to three years and with fine.

(FOR USE BY THE PERSON TO WHOM THE DECLARATION IS FURNISHED)

1. Name and address of the Company **Gujarat Ambuja Cements Ltd.**
106, Maker Chambers III,
Nariman Point,
Mumbai - 400 021.
2. Date on which the declaration was furnished by the declarant
3. Date of declaration, distribution or payment of dividends
4. Period in respect of which dividend has been declared
5. Amount of dividend paid

Forwarded to the Chief Commissioner or Commissioner of Income-tax **II, Mumbai**

Place : **Mumbai**

Date :

Signature of the principal officer of the Company